

CREDIT

MONTHLY

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By Frank A. Fall

N. A. C. M. Officers and Branches

and Research, Nat

—One Month's
Conviction

Credit Questions

Checking Foreign Buyers
Credit Losses Often Less Abroad Than at HomeFlying With Expert Pilots
Goods and Clothing Group UrgedIn the Land of the Blind the
One-Eyed Man is KingAvoiding Costly
A.C.M. Approved by Uncle Sam
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SECRETARY MELLONCredit Interco
Its Past, Its Present, and Particular
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By H. W. Clausen
C. D. Osborn Co., ChicagoGeneral Credit Poli
Is It Justified in Present Conditions?
By D. C. Dodson
The McGraw-Hill
Director, NattyRobert Morris Off
for 1928-29
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Some of the Features of this Number

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\$3 a Year



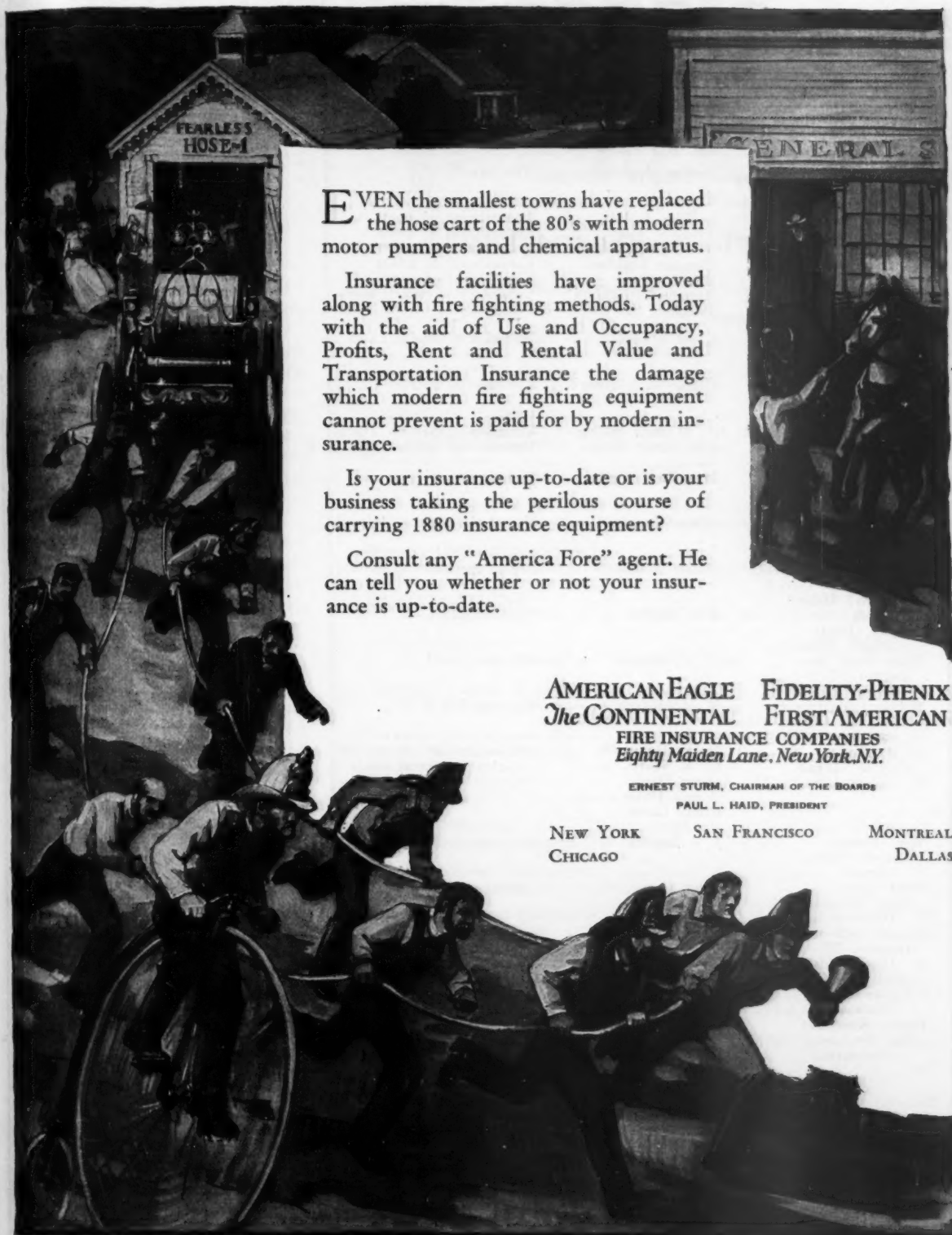
FEEDING the Nation is a task which engages a vast number of people. Such a tremendous system of distribution with its rapid turn-over depends very largely on credit as a basis of negotiation.

With individual enterprise somewhat submerged by chain control and the resulting narrowed margins, the problems of the distributor must be ever more the concern of the wholesaler and manufacturer.

In this dealer's interest and for the proper support of your credits he should be surrounded by every available protection. Among these fire insurance is outstanding. In your relations with the dealer insist that he be properly covered.



**Globe & Rutgers
Fire Insurance Company**



EVEN the smallest towns have replaced the hose cart of the 80's with modern motor pumpers and chemical apparatus.

Insurance facilities have improved along with fire fighting methods. Today with the aid of Use and Occupancy, Profits, Rent and Rental Value and Transportation Insurance the damage which modern fire fighting equipment cannot prevent is paid for by modern insurance.

Is your insurance up-to-date or is your business taking the perilous course of carrying 1880 insurance equipment?

Consult any "America Fore" agent. He can tell you whether or not your insurance is up-to-date.

AMERICAN EAGLE FIDELITY-PHENIX
The CONTINENTAL FIRST AMERICAN
FIRE INSURANCE COMPANIES
Eighty Maiden Lane, New York, N.Y.

ERNEST STURM, CHAIRMAN OF THE BOARD
PAUL L. HAID, PRESIDENT

NEW YORK
CHICAGO

SAN FRANCISCO

MONTREAL
DALLAS

THE "AMERICA FORE" GROUP OF FIRE INSURANCE COMPANIES

One Month's Convictions

(May, 1928)

Obtained by the Credit Protection Department of the
National Association of Credit Men

CASE	PERSONS CONVICTED	CHARGE	SENTENCE
Samuel A. Cohen Brooklyn, N. Y. (Furn.)	Benj. Pross Henry Schneider	Vio. Sec. 29B and 37	3 yrs. 4 mos. 1 yr. 1 day
Samuel Korman West Hoboken, N. J. (Bedding)	Samuel Korman	Vio. Sec. 37	3 months
William E. Fox Greensboro, Pa. (Gar. & Auto Ac.)	William E. Fox Perry S. Fox T. N. Swan Clarence Lockhart Bliss Donham	Concealment of assets Concealment of assets Concealment of assets Concealment of assets Concealment of assets	18 mos. in Atlanta Penitentiary 1 year and 1 day in Atlanta Paroled for 1 year Paroled for 1 year Paroled for 1 year
Antonio C. Falchini Ebensburg, Pa. (Gro. & fruits)	Antonio C. Falchini Josephine Falchini	Conspiracy to conceal assets Conspiracy to conceal assets	18 mos. in Atlanta Penitentiary Deferred
Louis Murad Mt. Olive, N. C. (Gen'l Mdse.)	Louis Murad	Violation of Postal Laws	Fined \$250
Dover Supply Trading Store, Dover, N. C. (Gen'l Mdse.)	George S. Shaheen	Violation of Section 215	Fined \$250 and suspended sentence of 1 year and 1 day
Ahoskie Dry Goods Co. Ahoskie, N. C. (Dry Goods)	A. Mitchell Hatem Ellis Nasar Hatem	Violation of Section 215 Violation of Section 215	Fined \$250 Fined \$250
Fifth Avenue Shop Norfolk, Va. (Ladies' Clothing)	Mrs. R. H. Gold	Violation of Section 215	Paroled.
Selma Clothing Company Selma, N. C. (Clothing)	Albert Karem	Use of the mails to defraud	3 years in Atlanta Penitentiary
Oak City Supply Trad- ing Co., Oak City, N.C. (Gen'l Mdse.)	Hatem S. Hatem	Use of the mails to defraud	3 years in Atlanta Penitentiary and fined \$1,000
The Hub Tyler, Texas (Gen'l Mdse.)	Abe Romick	Vio. Sec. 215 U. S. P. C.	Fined \$1,000
Little Dept. Store Detroit, Mich. (Gen'l Mdse.)	H. T. Morgan	Vio. Sec. 215 P. C.	Fined \$500
Milton Lightstone Wholesale Grocery Co. (Grocery)	M. Lightstone	Vio. Sec. 215 P. C.	Fined \$1,000
O. R. Davis Clayton, Texas (Gen'l Mdse.)	O. R. Davis, Sr. O. R. Davis, Jr. Owen Davis Winnie Davis Frank Davis, Pat Davis	Concealment of Assets and con- spiracy to conceal assets	3 yrs. Lev. Pen. 3 yrs. Lev. Pen. 3 yrs. Lev. Pen. 3 yrs. Lev. Pen. Suspended 3 yrs. Lev. Pen. Suspended 3 yrs. Lev. Pen. Suspended
Wm. Meeker Beaver, Okla. (Atty.)	J. T. Rogers	Conspiracy	Fined \$1,000. 2 yrs. Pen. Paroled and ordered disbarred
Peter Capo New Orleans, La. (Gen'l Mdse.)	Peter Capo	Concealment	2 yrs. Atlanta Fed. Penitentiary (Plus 2 yrs. and fined \$2,000 for perjury)
Decatur 5-10-25c. Store Decatur, Ill. (Gen'l Mdse.)	Harry D. Segar	Vio. Sec. 215 C. C.	\$200 and cost.
Capitol Shoe Co. Taylorville, Ill. (Shoes)	James Serra	Vio. Sec. 215 C. C.	\$100 fine and cost
Henry Kleebauer San Francisco, Calif. (Cafeteria)	Henry Kleebauer	Removal of merchandise with in- tent to defraud creditors.	Placed in custody of probation of- ficer and instructed by court to reimburse creditors in amounts due them. Sentence complied with. Discharged from further custody.
Leader Dept. Store Springfield, Ill. (Gen'l Mdse.)	Ted Riseman	Concealment of assets	\$200 fine and 60 days County jail.
Cinderella Booterie, Bloomington, Ill. (Shoes)	Loren Andrus	Vio. Sec. 215 C. C.	\$200 fine and cost
Mike Vuklich Kansas City (Meats.)	Mike Vuklich	Issuing worthless checks	1 to 5 years paroled
Industrial Furn. Co. Flint, Mich. (Furn.)	Morris Goldberg	Vio. Sec. 215 P. C.	\$500 fine
Joe T. Salem Spur, Tex. (Gen'l Mdse.)	Joe T. Salem	Vio. Sec. 215 P. C.	60 days Potter County jail
T. B. Stockard & Sons Lewisville, Tex. (Gen'l Mdse.)	P. L. Stockard	Conspiracy 29B-N. B. A.	1 yr. 1 day Leavenworth Peniten- tiary

Prize Awards

PRIZES have been awarded to those concerns who as advertisers in the CREDIT MONTHLY presented the most meritorious series of advertisements in the magazine during the year 1927-8. The winners were:

1. Irving Pitt Manufacturing Company.
2. Insurance Company of North America.
3. Royal Insurance Company.
4. Aetna Fire Insurance Company.

Honorable Mention was awarded to Globe & Rutgers Fire Insurance Company, Commercial Union Insurance Company, "America Fore" Group, and the American Exchange Irving Trust Company. All of which scored equal points for fifth place.

Each entrant was required to prepare a display of the advertisements in competition and these were exhibited during the week of the Convention of the National Association of Credit Men at Seattle.

The motive behind this contest was in the interest of sound advertising. Its chief aims were to stimulate interest, to make the products and services offered in the advertisements appear to their best advantage—for the benefit of both reader and advertiser.

The promoters of this contest are greatly pleased with the interest which was displayed on all sides and particularly with the quality of the work which was entered in the competition.

N. A. C. M. Convention Proceedings, 1928

THE permanent record of the Thirty-third Annual Convention of the National Association of Credit Men, held at Seattle, 1928, as made in this issue and the July issue of the CREDIT MONTHLY.

Reports of various departments of the N. A. C. M. are contained in the pamphlet "Convention Reports," which was distributed at Seattle, and is available at the headquarters office of the National Association, One Park Avenue, New York.

An important address not mentioned in the summary of the Convention was that of J. J. Donovan, Bloedel-Donovan Lumber Co., Bellingham, Wash., who spoke at the World Trade Luncheon the second day of the Convention on "International Relations and Foreign Trade."

CREDIT MONTHLY

THE NATIONAL MAGAZINE OF BUSINESS FUNDAMENTALS

(Member, Audit Bureau of Circulations)

Editorial and Executive Offices, One Park Avenue, New York

RODMAN GILDER, Editor

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Ask your broker

Why he is pleased to furnish
Queen policies.

Ask us for the name of our agent in the
town where you have a customer who
does not look after his insurance
properly.

If he is a good insurance risk we can
make him a better credit risk.

QUEEN INSURANCE Co. of AMERICA

Fire Tourist Sprinkler Leakage Earthquake Explosion Marine
Automobile Riot and Civil Commotion Registered Mail Tornado

Incorporated in New York State 1891. Capital \$5,000,000

Total Assets January 1, 1928 . . . \$23,143,100
Liabilities including capital . . . 16,344,841
Net Surplus 6,798,259
Surplus to Policyholders 11,798,259

HEAD OFFICE and EASTERN DEPARTMENT:
150 WILLIAM STREET, NEW YORK CITY

Western Dept.:
CHICAGO, ILL.
F. P. Hamilton, Mgr.

Southern Dept.:
ATLANTA, GA.
S. Y. Tupper, Mgr.

Pacific Coast Dept.:
SAN FRANCISCO
H. R. Burke, Mgr.

Marine Dept.:
NEW YORK CITY
John E. Hoffman, Mgr.

Cuban Dept.:
HAVANA
Trust Co. of Cuba

CREDIT

MONTHLY

Vol. XXX

AUGUST, 1928

No. 8

The Liberal Credit Policy

Is It Justified in Present Conditions?

By D. S. Dodson

The McLendon Hardware Co., Waco
Director, National Association of Credit Men

DO existing conditions and the trend of the times justify a liberal credit policy? I refer to the policy followed by a large number of jobbers in the major lines, groceries, dry goods, hardware and drugs, and to some extent by automobile accessory jobbers, in carrying accounts of their customers whom they consider good credit risks, from the early part of the year until fall.

The plan was based upon the theory that as our money crop, which is cotton, was marketed in the fall, that was the only time when cash was available to pay debts. This credit policy enabled the jobber to do a larger volume of business at a larger profit. It enabled his retail customers to supply the farm trade liberally, likewise doing a larger volume of business with larger profits.

In other words, the retail merchants, as a result of this policy, have used their credit freely with the jobbers and extended credit in like manner to their farm customers.

Years ago when crop conditions were more certain, and prices more stable, this was a good plan, because the jobbers could carry accounts of the retailers with some assurance they would be paid in the fall. The margins of profit were larger, and the rate of interest charged was a profit item in itself.

Economic conditions have changed. Looking backward through a period of ten years, we find we had more

bad crop years than good ones, and the price of cotton has been uncertain.

Causes Retail Failures

Many retail merchants have on their books thousands of dollars in notes and accounts receivable, carried as a live asset, which as a matter of fact are not worth twenty-five cents on the dollar. If the retailer cannot collect his receivables, he cannot pay the jobber; and if the jobber continues to sell him on a fall time basis and to use a liberal credit policy with his trade, the losses resulting to the retailer from bad debts will eventually force him into bankruptcy. A large percentage of the failures of retail merchants during the last few years has been caused by this liberal credit policy.

During past years a bad crop year was usually followed by a good one; farmers could pay their debts for the two years, relieving both the retailer and the jobber. But a succession of bad crop years and low prices has caused many farmers to become so heavily involved they cannot meet their obligations.

The Nation's immense agricultural resources have been a contributing cause, in a large way, to the enormous wealth of our Country. Texas is one of the richest states in the Union in agriculture, but agricultural communities have not been so prosperous in recent years. You fre-

quently hear the statement that agriculture is dead and that we must turn our attention more to industrial enterprises. This is not true. Agriculture is not dead, but it is sick, and it needs the best thought and most careful study and investigation of our expert economists, agriculturalists, statesmen, business men and bankers, to make it well. The remedy should be for the greatest good of the greatest number. One group should not be preferred at the expense of another.

Uncertain crop conditions, both as to production and price, make a liberal credit policy unwise. We have just passed through a period of advancing prices and are now in the cycle of declining prices. The time is now at hand when both the wholesaler and retailer must be content with smaller margins of profit and depend on turning the stock several times a year in order to pay dividends.

A sale is not a sale when the salesman takes the order and the house ships the goods. It is complete only when the account is paid and the merchant has the money with which to purchase more merchandise. Therefore, we cannot have quick turnover and a liberal credit policy.

Another reason to get quick turnover is to meet mail order house and chain store competition. Increase in population accounts for only a small part of the continual increase in volume of the chain stores. The major portion of their increase is business

they are taking away from the old line stores conducting their business in the old way and still using a liberal credit policy. The plan of selling "manufacturer direct to consumer" is causing both the jobbers and retailers a lot of worry. How far will it go and what can be done to meet this competition?

Probably the grocery and drug lines have felt the chain store and mail order competition more keenly than any others up to the present time, but it is being rapidly extended to accessories and hardware.

Business Service Needed

There was never a time in the history of business when there was greater need for close co-operation between jobber and retailer. *Every jobber should have a department of Business Service composed of the Credit Manager and his assistants.* These men should study closely economic conditions and chain store and mail order house methods of business, and be in position to offer ideas and constructive plans to their customers for meeting this competition. Some retailers do not need this service, but the majority of them do, and in communities where the chain stores offer strong competition, if the jobbers' customers do not get some assistance they will be forced out of business. In fact, that is happening every day now, in certain lines.

The mail order houses have shown an increase in volume because of their successful advertising through their catalogs, their service and their prices. The chain stores have been even more successful because of their display system and service. Their goods are displayed in such way as to give to their trade a "visible catalog", and

their service is often excellent.

The way to meet this competition is by using chain store methods. That means organized quantity buying, smaller profits and more rapid turnover. It also means clerks in charge who know how to win public favor by giving first class service.

Do not think for a moment the consumer is going to be governed in his selection of a place to buy his merchandise by motives of sentiment or friendship. He is going to buy where he can get the service and the price. The chain stores are giving this, and unless the old line merchants do likewise, they will lose his business. Every credit manager should familiarize himself thoroughly with the best chain store methods and not hesitate to offer suggestions to his customers for meeting this class of competition.

Banks More Careful

The banks of this country are watching their loans more closely now than in former years. The uncertainty of crop and market conditions have caused our banks, as well as our thoughtful business men, to join in a campaign for diversification. They are insisting that the farmer—instead of using his credit with his bank or his merchant for his year's supplies, to be paid for in the fall—shall produce his living at home by dairying, poultry raising, gardening and stock raising. If the farmer has dairy and poultry products to sell all the year, he does not need to over-extend. He can pay cash for a large part of the things he needs, and when he does this, he is going to get the best merchandise at the lowest prices obtainable.

I feel I can offer these suggestions

with no danger of being misunderstood, because my company has had for many years a liberal credit policy. I am not trying to offer a fixed rule for anybody to follow. I make these suggestions merely with the hope that other Credit Managers of jobbing houses will give them consideration and work out their own problems in whatever way may seem best.

The number of jobbers who have a liberal credit policy is becoming less all the time. A few years ago there were in Waco five wholesale grocery, two wholesale hardware, two wholesale drug, and two wholesale dry goods houses. They were doing large volumes of business on a carrying basis. To-day we have one wholesale grocer, one wholesale hardware dealer, two drug jobbers and one dry goods jobber, who are following that plan in a restricted way. The same change has been made in other jobbing centers of Texas. It is my information that our five automobile accessory jobbers in Waco are becoming more and more inclined to confine their dealings strictly to a regular term basis.

It takes time to change from a long to a short term basis. A radical change would be both injurious and unfair to our many customers whom we have served, who have used their credit with us liberally in the past. The change will have to be gradual, but in my judgment this change is coming to all of us, and we had just as well make our plans accordingly.

What about the future of the jobbing business? This is a question to which much thought is being given. Probably there will not be as large profits in the future as in the past. Overhead is piling up sky high and

(Continued on page 23)

MUTT AND JEFF—Little Jeff Has a Collection Problem By Bud Fisher



Reprinted with the kind permission of Mr. Fisher.



Flying With Expert Pilots

Dry Goods and Clothing Group Urged to Play Safe

By Elbert W. Ross

Hirsch-Weis Manufacturing Co., Portland, Ore.

NO one who values his life will climb into an airplane improperly equipped or guided by a pilot without experience.

Using the best possible collection and adjustment service is the equivalent of flying with expert pilots.

The National Association of Credit Men has developed in its local units Adjustment Bureaus which are rendering important benefits to member credit grantors, and which are peculiarly able to serve the dry goods and clothing Credit Manager, to whom these remarks are particularly addressed. Owned and operated by member manufacturers and jobbers, these Adjustment Bureaus are non-profit organizations organized and operated for permanence. Their boards of directors, consisting of duly appointed credit representatives elected by member stockholders, are constantly on the alert that the management be intelligent, skillful, aggressive, well trained and supervised. The honesty and integrity of every member of the personnel is checked beyond question and doubly safeguarded by bonds. Moreover, to be approved by the National Association of Credit Men, the Adjustment Bureaus must have complied with

very strict regulations covering organization, management, personnel, policies, protection of clients' interests, carefulness in correspondence, finances, records and supervision. Compliance with these strict but proper and reasonable requirements guarantees efficient results. All savings are used to increase the service to members and other creditors, thus increasing dividends on receivables and lessening bad debt waste.

Facilities for Creditors

Here are provided facilities and equipment for intelligent co-operation on the part of creditors in the handling of embarrassed and insolvent estates. The aggressive handling of collections and adjustments is of course to be commended, but when such efforts become competitive, the result is generally disastrous. Even after a debtor has become insolvent, a great deal more can be gained by creditors through concentration of their efforts in the handling of an insolvent estate than through competitive effort.

Happily the majority of embarrassed and insolvent estates are free from serious complications and entanglements and require only good

business methods and judgment in handling. Nevertheless the work is hazardous. While it is recognized that courts of law are the proper media for the equitable disposition of all matters where questions of law are involved, they are unfortunately sometimes unavoidably expensive. Where matters can be handled just as well and more economically outside of the courts, creditors and debtor will be best serving their own interests if they co-operate to handle these matters out of court, through one economic and business-like Adjustment Bureau. It is virtually impossible otherwise for them to adopt a medium which is free from selfish interest and which is well organized and equipped to render the proper service in accordance with creditors' instructions and with fairness to all interested parties.

When our customers become slow pay, or involved in their affairs, we not only look for some defect of Character, Capacity, or Capital, but we also investigate liabilities. We find perhaps that some distant creditor has become impatient and is pressing for payment while local creditors are compelled to wait; that some

(Continued on page 23)

Collection Sense

The Persistent Use of Intelligent Methods

By William B. Layton

Counsel, Adjustment Bureau, Portland Association of Credit Men

THE decidedly human element which is the most important factor in credit work cannot be either eliminated or foretold. It is not given to man to know the future. The most he can do is to lay a foundation for those things which are reasonably likely to happen in the ordinary course of human events. And yet the credit executive is often expected to possess the same infallibility as is claimed for and by the Oriental crystal gazer.

Of inestimable advantage to the credit executive is the fact that the great majority of men are intrinsically honest. Someone has said that more than 95 per cent. of all debts contracted are paid in accordance with the credit terms. Too many credit executives depend upon this law of average for the receiving of the price. Unfortunately for these executives the 5 per cent. risk is not evenly distributed.

To my mind there is no more interesting or important branch of credit work than the scientific handling of collections. There are open to the credit executive only two sources of technique when a delinquent or even a recalcitrant debtor is found. These are Persuasion and Coercion. Each has for its object the fulfillment and enforcement of sales contracts. Each should be supported with persistence and dignity to the absolute elimination of all trickery and chicanery. No apologies should be offered to the individual whom you have entrusted with some of your money when you ask for the return of it. Every instance where your debtors are allowed to keep your money permanently puts additional burdens on the business world, first, by the diversion of money from the legitimate channels of trade, and second, by the handicap that every honest debtor who pays his honest debts must assume through the conduct of dishonest debtors.

Three Classes of Debtors

Generally speaking there are but three classes of debtors. The first

class is those who obtain the credit with no intention, or perhaps only a half-hearted intention, to pay. The second is that class of debtors who have had circumstances, avoidable or otherwise, creep into their affairs before the due date of the account which have made it impossible or difficult for them to meet the obligation. The third is that class of debtors who, for reasons best known and sometimes known only to themselves, have had a change of conscience after they receive the favor and before the account is paid. It would be well for the credit executive to ascertain into which of these classes the delinquent debtor falls and then apply his collection methods accordingly. For example, it is foolish to attempt to persuade a debtor who hasn't the means to pay. Assignments, receiverships, compromises and bankruptcies are after all only methods of collection. I have never been able to understand why so much effort and expense has been placed on liquidations, and in comparison so little attention has been given to collections.

A few years ago we used to read in the advertisements of the privately owned collection agencies the boast that they did not handle liquidations. Their solicitors would make the argument that there was some sort of a safeguard to the creditor in the fact that an agency would not use claims placed in its hands for the purpose of gaining insolvent estates to handle.

However—either as the result of jealousy of the growth and success of the N. A. C. M.'s Adjustment Bureaus, or because the theory against collection agencies handling so-called rehabilitations of business or administering insolvent estates has been exploded—we now find one of the largest national agencies openly announcing and advertising that it is handling involved estates.

We have all heard the assertion that it is harder to get the money out of some agencies than it originally was to get it from the debtor. The responsibility of the agencies is of the

utmost importance. We all know the various high-powered advertising appeals which are daily made to every credit executive for the handling of his accounts. These appeals build up the volume. The extravagant promises made in many of these appeals, when properly analyzed, reduce themselves to absurdities.

Letters are Cheapest

It is well to remember that the mail is the cheapest and greatest means of receiving on delinquent accounts. Any well trained credit executive can write as good and perhaps more effective letters than some agencies which are so willing to undertake this most important branch of the work. When the mail has failed, and before litigation must be resorted to, the most effective means of making a collection is a personal presentation of the claim to the debtor himself by someone of expert training. Many things are accomplished with such a presentation. In the absence of receiving money or actually arranging for it in deferred payments, or through proper security, *much valuable information is obtained which frequently is of inestimable value if litigation, the final step of collection, must be resorted to.*

Credit managers in wholesale jobbing, manufacturing and banking concerns have a right to demand from their agents and assistants that collections be handled with dignity. They should know their collection agency. In my opinion it is better in the long run to lose the entire account than to have to resort to the same type of chicanery and trickery which appears to have been practiced by the debtor when the credit was established or payment was sought to be evaded.

No collection agency holds a charm or a secret patent on superior collection methods. *Persistence and intelligence* are the requisites for the successful making of collections. The threat made without present ability and intention to make the threat good

(Continued on page 24)

N.A.C.M. Approved by Uncle Sam

Letter, dated May 11, 1928, from the Office of the Secretary, Department of Commerce, Washington, D. C., to Stephen I. Miller, Executive Manager, National Association of Credit Men, One Park Avenue, New York:



Secretary Hoover

Dear Mr. Miller:

On the occasion of your annual meeting, I should like to extend my felicitations on the excellent work which your Association has been doing in eliminating waste inherent in bad credit practices. It is my feeling that this is one of the very important contributions to efficiency in business. The losses through fraudulent practices and undeserved credit extension exact a toll of billions of dollars annually. These losses must be made good by those who conscientiously meet their obligations. Every serious effort to lessen these wastes is in the interest of the consumer, the distributor and the manufacturer.

I trust that your Association will continue the good work which it has undertaken in this direction.

Yours faithfully,

HERBERT HOOVER

Secretary of Commerce.

Record of Thirty-Third Annual N. A. C. M. Convention, June, 1928, Seattle.

President Coolidge

President Coolidge, through Secretary to the President Everett Sanders, in a message from the White House, presented his greetings and best wishes at the time of the Thirty Third Annual Convention of the National Association of Credit Men in Seattle.

Letter, dated June 6, 1928, from the Secretary of the Treasury, Washington, D. C., to George J. Gruen, President, N. A. C. M., Seattle, Wash.

Dear Mr. Gruen:

Please extend my cordial greetings to the members of the National Association of Credit Men and express my best wishes for a pleasant and successful convention at Seattle. The country always follows with interest your deliberations, and attaches importance to your efforts to protect our credit structure and to promote its sound and steady growth.

Sincerely yours,

A. W. MELLON.



Secretary Mellon

Avoiding Costly Collections

Advance Information Saves Company a Collection Loss

By M. E. Bryan

AN actual Credit Interchange Bureau report,—with the debtor's name and location omitted,—which saved a St. Louis shoe company the probability of losing \$460 worth of goods, is shown on this page.

Let us examine the report as received by the Credit Manager who had taken the precaution of applying to the Credit Interchange Bureau for information on a new customer who was in the market for his company's product.

In the report are accumulated the experiences of other members of the National Association of Credit Men, not only in St. Louis, but in Memphis, Kansas City, Wichita and Little Rock. These companies include manufacturers and wholesalers of shoes, produce, implements, dry goods, furniture, hardware, salt, china, clothing, plows, tires and hats—for the customer was operating a general store and got his merchandise from several markets.

The debtor had enjoyed accommodation from a single creditor as high as \$3,319, but had come to be regarded as "slow and unsatisfactory" by a number of supply houses. In several instances collections were made through attorneys and further orders had been declined. Past due accounts had run as long as 10 months.

When the crash came, the schedules of bankruptcy showed six accounts payable taken on by creditors—who evidently did not make use of Interchange Bureau service—in the three weeks prior to the filing of the petition. The Credit Manager of the company receiving the Inter-

CREDIT INTERCHANGE BUREAU NATIONAL ASSOCIATION OF CREDIT MEN											
Executive Office: One Park Ave. NEW YORK, N. Y. Central Bureau: 309 Locust Street, ST. LOUIS, MO.											
The accuracy of this Report is not guaranteed. Its contents are gathered in good faith from members and sent to you by this Bureau without liability for negligence, in procuring, collecting, communicating or failing to communicate the information so gathered.											
REPORT ON											
SPECIMEN REPORT			NAME AND ADDRESS OMITTED						JUNE 28, 1928		
BUSINESS OR SUB. NO.	HOW LONG SOLD	DATE OF LAST SALE	HIGHEST CREDIT	AMOUNT OWING	AMOUNT PAST DUE	UNPAID ON FIRST ORDER	TERMS OF SALE	MANNER OF PAYMENT			COMMENTS
								ACCOUNTS	PAY BY	DATE	
MEMPHIS											
#614-308	2 Years	6-28	125	27	27	48	Weekly			7-21	
Prod.	Years	5-28					OD only				
Imp.	6-27	11-27	2822	2010	2010	60					6 Months
Dgds.	6-27	6-28	940	455	36	60					6 Months very
Furn.											slow & unsatisfactory, \$20.00
											due Sept. Oct. & Nov. 1927.
											Pays by notes. Notes not paid
											when due.
Hdw.	12-27	4-28	7	2	2	60				60	6 Months
China	1-24	7-27	92			60	Special				collected by attorney.
Hdw.											Order declined Nov. 1927
Shoe	1928	5-27	48			30					6 Months last
											order June 11, 1927
											refused.
Dgds.				70	70	60					Not
											selling now, too slow.
ST. LOUIS											
#616-362	1 Yr	11-27	18			60				90	
Clo.	6-27	11-27	127			60				30-60	
Hdw.	Years	5-28	3319	330	330	60					
Shoe											
Hdw.											
Plow.	Years	5-28	1104	755		60					
KANSAS CITY											
#619-17	L-1927	11-27	10			110				90	
WICHITA											
#616-442	6-27	6-27	335	335	335	30					9-10 Months.
Salt											
LITTLE ROCK											
#616-318	8 Years	12-27	196	151	151	60					Unsatisfactory, in hands of attorney.
Hdw.											6 Months. Unsatisfactory.
Tire	1925	1-28	210	87	87	20					
Hat	1927	11-27	367	186	186	30					
				4320	3214						Very slow & unsatisfactory. \$186 represents 2 checks which are uncollectible.
COMPLETED BUREAU #15 A											

change report reproduced herewith wisely decided not to ship the order—amounting to \$460. He is, needless to say, a firm believer in Inter-

change service as offered by the National Association of Credit Men through the Credit Interchange Bureaus.

Executive Manager Questionnaires N.A.C.M. Members

IN the Executive Manager's Monthly Letter for August is enclosed a questionnaire through which members of the National Association of Credit Men may assist in the development of their professional magazine, the CREDIT MONTHLY.

Incidentally, credit managers in returning the questionnaire will have an opportunity to make use of the "business reply," postage collect privilege just established by the Post Office Department. See description on page 22 of this CREDIT MONTHLY.

In the Land of the Blind the One-Eyed Man Is King

By Stephen I. Miller

Executive Manager, National Association of Credit Men

IT has often been said that the forthcoming National election of 1928 will be one of men and not of platforms—of personalities and not of policies. If true, this conclusion would be both disastrous and deplorable. The two dominating parties in American political life have represented checks and balances, created well defined issues and reflected definite interpretations of our civic and economic progress.

Turning to the tariff planks in the two platforms, one might have occasion to feel buoyantly hopeful that this most important problem will be given scientific consideration, that the two parties have reached a "common mind" in regard to foreign trade policy. We always expect that the Republicans and Democrats will have an all-seeing political eye; but is it possible that we are rapidly approaching the time when the economic eye of these two great parties will get accustomed to the light?

The Platforms on the Tariff

For some time the business world has been told that a scientific tariff is one that neutralizes the differences in costs of competitive commodities. Let the Republican platform speak: "We endorse a protective tariff for certain industries which cannot now successfully compete with foreign producers because of lower foreign wages and the lower cost of living abroad." Let the Democratic platform speak: "Tariffs should be based on the actual difference between cost of production at home and abroad with adequate safeguard for the wages of the American Laborer."

Put the statisticians and accountants to work on this problem and in fifteen minutes they will ask, "Do you want us to determine average foreign costs as well as average American costs for every commodity that enters into trade?—or the highest cost in the industry? And do you want us to keep these costs revised from month to month and from country to country?" If this be the intent of the

two parties, then Atlas with the world on his shoulders had an easy job.

Assume that accurate cost information could be obtained and kept up to date, and that a tariff policy could be devised flexible enough to keep in step with changing economic conditions, then are we ready to set aside the conclusion of the world's leading economists that the advantage of foreign trade is to be found in the doctrine of comparative costs?

Comparative Cost Argument

Stated briefly, the comparative cost argument is, "Let each nation produce that which it can produce at the greatest economic advantage, sending the surplus abroad to command the products of other countries." Is this basic consideration in the exchange of commodities to be entirely scrapped? The neutralization of differences in the costs of production, logically followed out by all nations, will place commerce in the position of an antique.

Protection has always been recognized among economists. It needs no apology. It is beside the point to talk about being a protectionist or a free trader. It is also beside the point to assume that the making of a tariff schedule should be left to Congress. The determination of technical tariff schedules should be placed in the hands of a Board with all the power and dignity of the Board of the Federal Reserve System. The one is as complicated and as delicate as the other.

For more than a hundred years we have been groping in the dark as far as the tariff is concerned. At the present time it is the most dynamic problem before the American people. The products of our industrial expansion must reach the foreign market. The Credit Manager of today must be able to look across the seas. Foreign trade awaits the vision of our political parties. It still remains true that "in the land of the blind the one-eyed man is king."

Conditions and Prospects

As Reported by Trade Groups at N. A. C. M. Seattle Convention

Summarized by Frank A. Fall, Litt. D.

Director of Education and Research, National Association of Credit Men

Trade Group	No. Reporting	% Better No Change Worse	May, 1928, compared with April, 1928		May, 1928, compared with May, 1927		What are your prospects for Business in next 3 months in next 6 months	
			Collections	Sales in Dollars	Collections	Sales in Dollars		
1. Boots and Shoes	8	Better No Change Worse	63 25 12	76 12 12	63 25 12	50 25 25	38 50 12	50 50 0
2. Building Materials	13	Better No Change Worse	62 38 0	85 15 0	62 31 7	46 46 8	55 38 7	38 55 7
3. Clothing, Dry Goods and Allied Lines	38	Better No Change Worse	45 42 13	50 21 29	47 16 37	47 19 34	76 24 0	82 15 3
4. Confectionery	8	Better No Change Worse	12 88 0	76 12 12	25 75 0	88 12 0	50 50 0	75 25 0
5. Drugs, Chemicals and Allied Lines	11	Better No Change Worse	55 45 0	63 28 9	64 18 18	82 18 0	64 36 0	82 18 0
6. Groceries (Manufacturers)	9	Better No Change Worse	67 33 0	89 11 0	67 33 0	100 0 0	78 11 11	78 22 0
7. Groceries (Wholesalers and Jobbers) and Flour Millers	26	Better No Change Worse	61 31 8	68 8 24	65 31 4	65 16 19	73 27 0	73 27 0
8. Hardware, Auto Supplies and Allied Lines	27	Better No Change Worse	59 26 15	89 11 0	48 41 11	67 15 18	52 48 0	59 41 0
9. Implements, Vehicles and Allied Lines	5	Better No Change Worse	80 20 0	60 20 20	80 20 0	80 0 20	40 60 0	40 40 20
10. Iron and Steel	9	Better No Change Worse	33 56 11	45 33 22	33 45 22	56 22 22	22 78 0	11 78 11
11. Newspapers	8	Better No Change Worse	38 24 38	63 24 13	50 13 37	63 0 37	38 38 24	87 13 0
12. Paint and Varnish	5	Better No Change Worse	60 40 0	80 20 0	60 20 20	60 20 20	40 20 40	40 20 40
13. Paper Supplies, Printing and Allied Lines	16	Better No Change Worse	38 38 24	69 18 13	31 38 31	69 31 0	56 38 6	75 25 0
14. Petroleum Refiners and Marketers	18	Better No Change Worse	83 17 0	83 17 0	88 6 6	83 12 5	83 17 0	61 34 5
15. Plumbing and Heating	16	Better No Change Worse	63 31 6	69 12 19	56 31 13	63 12 25	69 25 6	69 25 6
Total General Average for all groups	217	Better No Change Worse	55 37 8	72 17 11	56 29 15	68 17 15	56 37 7	61 33 6

A CONTROLLED and well-grounded optimism is revealed by the above survey. On collections for May, 1928, as compared with April, 1928, 55 per cent. reported "better," 37 per cent. "no change" and 8 per cent. "worse." On dollar sales for the same months, 72 per cent. recorded "better," 17 per cent. "no change" and 11 per cent. "worse."

On collections for May, 1928, as compared with May, 1927, 56 per cent. reported "better," 29 per cent. "no change," and 15 per cent. "worse." On dollar sales for the same months, 68 per cent. registered "better," 17 per cent. "no change," and 15 per cent. "worse."

Prospects for business during the next three months were reported "better" by 56 per cent. of the delegates in attendance at the Trade Group Conferences; "no change" by 37 per cent.;

and "worse" by 7 per cent. Prospects for the coming six months were forecast as "better" by 61 per cent., "no change" by 33 per cent., and "worse" by 6 per cent.

Combining the averages under the six headings, we arrive at a "master average" 62 per cent. "better," 28 per cent. "no change," and 10 per cent. "worse." Taken in conjunction with continued activity in production and distribution, (with no clear indication of either an upward or downward swing in the curve in the immediate future,) together with building construction at a record peak in May, 1928, car loadings and bank clearings close to peak, and the absence of serious unemployment, these figures indicate that business is likely to move along evenly for the remaining months of 1928.

Credit Interchange

Its Past, Its Present, and Particularly Its Future

By H. W. Clausen

C. D. Osborn Co., Chicago

AS to the Past: The first mercantile agency in this country was established in 1841. About 1876 the first attempt was made to form a report of ledger clearances. In 1888 an organization started in the textile line, concentrating on ledger experiences, and met with favor. The National Association of Credit Men was formed in 1896 and its founders wisely expressed in its constitution and by-laws the intention that, among other things, it would give its attention to the improvement of methods of gathering and disseminating credit information. As a result, in 1901 the first interchange bureau, operated by a local association of credit men, was formed. Between 1910 and 1912 there was started the first attempt to make a clearance between bureaus. In 1914 the first attempt was made to start a central bureau in St. Louis which would clear between the twelve bureaus then existing. It was not however until 1919 that the present interchange department of the National Association was started with the idea of co-ordinating the then sixty-eight existing bureaus.

The present plan of operation was worked out and put into effect on March 1, 1920. At that time there were in the files of the central bureau of St. Louis 200,000 master cards, a deficiency of \$1600 in the treasury, and two typewriters (not paid for), three girls and four card files in the office. Fifteen bureaus co-operated, with a total membership of fifteen hundred.

The Present

Speaking of the Present: On May 1, 1928, there were sixty-six bureaus in the system having a membership of close to 8,000. These sixty-six bureaus are located, twenty-three in the Eastern division, forty-one in the Central, and two in the Western. There are twenty-four local bureaus not affiliated with the central system—eight in the Eastern, seven in the Central, and nine in the Western. The number of cards in the Central

Bureau files is virtually two million. There are only about two and one-half million names listed in Dun's and Bradstreet's, which shows that the system is very rapidly reaching the saturation point. Daily inquiries coming through the Central Bureau average about 3,600, which shows a rather large and active working interest in the organization.



The Past is gone, the Present is short, and the Future is everlasting. It is with the Future that I shall principally deal.

The Future

The future of interchange service is very bright. When properly used by all manufacturers, wholesalers and banks, it will reveal statistical information which when correctly interpreted will mean a substantial reduction in the cost of distributing merchandise. The information so developed, will reduce credit losses because it will cause to be removed from business incompetent and

crooked business ventures before they cause too great a wastage. It is likely to reduce the "gambling with credits" to a hazard of minor importance.

The greatest inefficiency and the hardest thing to control in the distribution of merchandise is the matter of retail outlets and this no doubt is the cause of marketing being the least efficient of any operations in the chain of providing for our needs. When you remember that there are few legal or extra legal requirements limiting anyone from engaging in business, this is not hard to understand.

If one wishes to be a doctor, lawyer, minister, or engineer, an examination must be passed establishing one's fitness, from the standpoint of education and character, to practice. The safety of the public demands this. If one wishes to enter a skilled trade, the holding of a union card after serving a long apprenticeship is a practical requirement before one can operate in this field. In the field of business there are no such educational requirements. The result is that many people engage in business without the proper qualifications. The public's pocketbook suffers accordingly. Manufacturers and wholesalers striving for increased volume have traded with these incompetents as well as crooks because they did not have all credit facts. Only recently has it come to be thoroughly appreciated that there are fundamental economic laws underlying profitable expansion, and that definite information is necessary relative thereto before it is wise to proceed.

Life insurance companies realized several years ago the necessity of setting up a central bureau operated by themselves through which they clear information as to the health of every prospective policy holder. If an individual is found to be below par in health he cannot obtain life insurance from any company. Such clearances have resulted in two things. They have reduced the losses of the companies and increased profits consid-

erably. The education of the public, for their own good, to the need of proper living, was no doubt accelerated by the information thus uncovered. This in itself has made more healthy prospects for the business of the life insurance companies which as you know is tremendous in volume.

DO WE GIVE CREDIT?—When the banking, manufacturing and wholesaling interests inaugurate a vigorous campaign of education, starting with the retailers and small wholesalers, much of the needless credit losses which are now taking place and being paid for by the public will disappear. Such education is certainly needed; and it seems to me should start at once in the proper use of credit terms so as not to mislead the ignorant and unsophisticated. If we accept as a definition of credit that it is an "intangible medium of exchange, given by the purchaser in exchange for goods or services," then we will discontinue the use of such expressions as "extending or giving credit."

Their Own Credit

Such expressions no doubt were invented by a super salesman in trying to ingratiate himself with a prospective buyer to give him the impression that he the buyer was receiving something free. The general impression particularly among small and new business men that they *receive credit*, has caused them to give little attention to what credit really is. Things received for nothing are not generally much valued. If, however, they understood that they were *parting with their own credit at the time of making a purchase* they undoubtedly would give more serious consideration to the fact that it was something of value. They would handle it accordingly, particularly when they knew that the N. A. C. M. Central Interchange System would have their record open as a book. They would be forced to maintain a healthy business or they could not get goods except for cash.

The use of agency reports such as furnished by Dun and Bradstreet's will always be necessary, because antecedent information as well as financial statements, insolvency, fire and court records are all important in judging the risk, and such information can only be compiled by traveling reporters interviewing the sub-

ject. When such information is checked by means of complete ledger experience there will be a good over all check and losses will be rather small. The Central Interchange Bureau service can accomplish all of this for the business houses and banks of the Nation if they will fully co-operate with it. The National Association of Credit Men, being the trade association of credits, is the natural medium to do this work because it is operated solely by and for the business interests of the Nation as well as in the general public interests, just as the central bureau of the Life Insurance Companies is in the life insurance field.

I can foresee the virtual elimination of the direct trade inquiry when complete use of Central Credit Interchange service is employed. This will also reduce the clerical expenses and postage bills of the business interests of the Nation by a huge sum. The quicker the National Association is able to recommend curtailment of its use in favor of Interchange, the better.

CREDIT INTERCHANGE ON THE COAST.—To credit managers on the Pacific Coast who have so far not joined the Central Interchange System I sincerely recommend it. I can realize why they have not joined so far. Remember that when the first rating book was issued in the early 'Fifties, it had a padlock on it and nobody could look into it unless he had the key to the padlock. It was not so very long ago that a manufacturer's, wholesaler's, or bank's list of customers was a most sacred possession and was locked up in the safe at night. All these phenomena are evidences of that prime human emotion, namely self preservation.

We in the East sell your accounts and the fact that you have not joined the central system has not deterred us. It is quite possible that had you known about some of our relations with your customers you would not have lost so much through some of their failures. We should all admit that had we all been in the Central Interchange System and had co-operated fully in its service many of these losses could have been avoided. Business would have been on a much higher plane and much more safe to transact.

The experience of my particular company for the past five years has

shown that the cost of interchange service is about eight cents per interchange report and keeps our credit files up to date. It is also a fact that where the credit interchange reports are most complete our losses have been the smallest, because as a result thereof we have refused to sell the undesirable risks. In those sections where interchange reports have been least complete, losses have been greatest, chiefly because full information was not obtainable and such information as we did get was more favorable than otherwise. Where interchange reports are poor you will find a number of smaller agencies of limited scope operating locally.

Value of Co-operation

On the Pacific Coast credit managers know from experience the value of enforced co-operation in the handling of distressed estates. They have made an enviable record in this. It could not have been made if they had not *all co-operated* as a matter of contract and were not *in possession of all the facts*. If it were so with interchange, it would be ideal.

RELIABLE AND ECONOMICAL.—Our company has found that interchange service is the most economical service that we have ever used, and also the most reliable. We have almost entirely done away with the direct trade inquiry. Of course, direct trade inquiries have to be used where the representation in the interchange service is not sufficiently complete. Interchange service is most reliable because being common to all lines of business it will detect the variations and expansions of a man's business as well as his endeavors of getting into fields not properly kindred to his business and thus bring to light unfavorable factors before much harm can come to himself or anyone else. It also smokes out the crooks. Accurate Interchange Service is a national monopoly; and as long as operated by the National Association of Credit Men it is in safe hands and deserves the support of the business interests of the Nation and I feel will receive it. The growth so far proves this. All who have not joined owe it to their own good and that of the country to do so at once.

Checking Foreign Buyers

Credit Losses Often Less Abroad Than at Home

By T. J. Whearty

National Carbon Co., Inc., New York

PROPERLY and effectively checking the credit of the buyer of our products in foreign countries is one of the most vital factors required to build up and maintain satisfactory export trade.

Many American firms that are able to meet competition and have the facilities for developing world-wide distribution either remain out of export trade or look upon it as a distinctly unwelcome stepchild that must be given some attention but is not worthy of more than passing consideration. To a large degree, this attitude arises from fear or ignorance, both closely related and largely centering on the credit side of the picture.

The determination of safe credit in export trade is one of the chief obstacles, and until a firm has confidence in the credit information available, it usually rejects export activities. In a recent survey made by Ohio State University, replies to an inquiry as to why manufacturers are not actively engaged in export trade show that *first* is the matter of meeting foreign competition; *second*, the question of properly judging the credit risk; and *fifth*, the difficulties of foreign collections. In the first classification, there is undoubtedly a decided element of credit, in that terms of sale and the amount of credit extended enter largely into any question of competition.

Although there is nothing new in the statement that credit is a necessity in foreign trade, I wish again to emphasize this most strongly. We have passed the day of the seller's market in export business, and with the keen foreign competition we must grant reasonable credit to the responsible buyer. I do not mean excessively long terms, but a fair amount of time for the buyer abroad to take care of the transaction. If credit is the life blood of domestic business, it also is the vital factor in export trade.

Special Requirements

Not only must we meet competitive conditions in terms but we must take



communities which are dependent upon seasonal prosperity and a correspondingly long turnover.

Despite statements and some individual experiences to the contrary, credit losses in well managed and efficiently operated export trade can be and are held to less than one-half of one per cent.; and investigations have proved that in concerns operating both a domestic and foreign credit department, the comparison of losses is in favor of the foreign business. This proves that export credits are being safely and efficiently checked and that in general the foreign buyer is just as reliable and as good a credit risk as the responsible domestic merchant.

The checking of foreign credits requires careful application and study and cannot be undertaken satisfactorily merely as a side line. In our domestic business many facts are automatically at our finger tips and we are in comparatively close touch with conditions in various parts of the country to which our products are being shipped. On the other hand in foreign trade distances are usually greater, and the information regarding foreign conditions is not as automatically available, although it can be obtained by investigation.

Social, economic and political conditions in foreign countries are vitally important as well as a study of the racial characteristics, the exchange situation, the financial background of the country, and crop conditions, which in many foreign countries largely determine the question of general prosperity.

Although the fundamental principles of domestic and foreign credit checking are the same—with the well-known requirements, Character, Capacity and Capital—it is not generally possible to obtain the same kind of information that is procurable on domestic business. Foreign financial statements, on which a large part of our domestic business is governed, are not readily obtainable and often cannot be obtained at all. This is due to the feeling still existing in many parts of the world

that such information is of a highly confidential nature to be disclosed only to confidential banking connections.

The sources for obtaining information on concerns abroad are chiefly the reports from agents and representatives in foreign countries, which should give not only the agent's own opinion but also a check-up made from responsible local sources, such as banks and merchants, to get both the financial and the moral responsibility. It is well to build up information from the usual commercial agencies which gives the vital information of a historical nature and forms a background on which current checking can be maintained. Bank information is important and should be secured, and through experience the best banks for securing information in certain countries or on certain concerns should be tabulated and used.

There is also the information obtained through United States Government representatives abroad, such as consuls, commercial attachés, trade commissioners, etc., all of which is available through the Bureau of Foreign and Domestic Commerce either in Washington or in various cities throughout the United States. While this is not compiled as credit information, nevertheless it is of great importance in building up a proper picture of the foreign account. Special agencies in certain lines are also valuable.

All of this more or less general information is vital and must be obtained, but the most important information is *the paying habits and the paying record* of the buyer abroad. This is obtained from others who have sold or are selling the account.

Foreign Credit Interchange

In order to provide an efficient and economical means of obtaining this important information, members of the National Association of Credit Men actively engaged in export business have set up a means for covering this phase of the situation. Nine years ago, these members of the Na-

tional Association saw the vital need for an interchange of ledger experience on foreign accounts, and through their efforts the Foreign Credit Interchange Bureau was established.

This Bureau has had a most remarkable growth when conditions confronting our export trade are taken into consideration. Under the auspices of the N. A. C. M. the Bureau is providing a clearing house of ledger experience for the vast store of foreign credit information which has been gathered through the actual experiences of its members. The bureau has available sources of information on over 300,000 foreign firms and this list is constantly being enlarged by the experiences secured on new accounts opened by old members or the ledger record of new members.

Members of this organization who co-operate in this non-profit making branch of our Association work are enabled not only to secure the experiences of other members with foreign concerns, but also can use this bureau as an economical means of covering such references as may come to their attention.

The operation of the Foreign Credit Interchange Bureau is under the direction of a Supervisory Committee of its own members, all of whom are experts in granting foreign credits and represent concerns nationally known in domestic as well as foreign business. They give freely of their time, experience and energy in working out the problem of placing this unique and valuable service at the disposal of American exporters.

The principal service of the bureau consists of compiling reports in reply to direct inquiries from its members. A clearance is made of all firms which the bureau knows to be interested in the account; and inquiries are sent only to those who have indicated their previous experience with the firm, in order to avoid a large mass of detailed paper work. These reports give information of value on such items as the number of years sold, the terms of sale, highest recent account, manner of payment, as well as the all important opinion of the

account in the eyes of the individual credit manager.

The reciprocal feature of the bureau's service is one of its greatest advantages. Whenever information is given to the bureau, a copy of the completed report is sent to all those who have contributed. In this way files are automatically kept up-to-date. It often occurs that through these reciprocal reports current information is easily available when the occasion arises, without the necessity of making a new clearance or making a separate inquiry. This provides a means for prompt action.

There are other features available to the members of this bureau, which are important, such as a special service on delinquent and troublesome accounts, co-operative work in the handling of unusual situations, and the interchange of general information through the Weekly Confidential Bulletin.

Varied Lines

I wish to stress particularly the importance of the interchange of experience on foreign accounts because the foreign buyer in general handles more varied lines than the domestic buyer. Many foreign firms change their line of business and go from one line of distribution to another as may appear to their advantage, and this is one of the important reasons why an interchange of information from all classes of trade and from many unlooked-for or unknown sources of information proves extremely valuable.

Vision in checking foreign credits is, in my opinion, one of the most important factors. By that I mean vision to see the transaction through to the end, understand the conditions in the foreign country, the means of collection required and the different legal requirements which must be complied with. If we are incapable of seeing a situation to some extent from the buyer's point of view, difficulties are bound to arise, and the checking of foreign credits will become a burdensome and troublesome task rather than an efficient means of protecting a company's interests in its overseas business.

Authoritative testimony on the value of the N. A. C. M. Foreign Credit Interchange Bureau is given in the above article.

Financial Statements

The Use of Percentages in Their Analysis

By Frederick W. Woodbridge

Associate Professor of Accounting, Lehigh University

IN ANALYZING statements of debtors, the Credit Manager can often clarify his task by putting into percentages the figures furnished by the debtor.

A statement with these additional figures is shown herewith, through the courtesy of Frederick W. Woodbridge, M. B. A., Associate Professor of Accounting at Lehigh University. The comments on this statement by Prof. Woodbridge, who is the author of the Ronald Press text book "Elements of Accounting," are as follows:

IT will be noticed at once that Cash, amounting to \$20,000, constitutes only $3\frac{1}{2}$ per cent. of the current assets. This would normally seem rather small for the volume of business indicated by the amounts of receivables and of payables. Another point which would be brought out is that the notes and acceptances re-

ceivable constitute $32\frac{3}{4}$ per cent. of the current assets, while the open accounts amount to only $22\frac{1}{4}$ per cent. When the concern makes a business of selling its goods on notes and trade acceptances, this showing might be entirely satisfactory. On the other hand, it is possible that this indicates a large number of "slow" accounts which had been given additional time. If this statement were not made up during the slack season of a business, which had considerable seasonal variation, it would also seem that the deferred charges should amount to more than $\frac{1}{8}$ of 1 per cent. of the total assets.

A review of the other side of the balance sheet brings to light the fact that the notes payable constitute $63\frac{3}{4}$ per cent. of the current liabilities while the open accounts amount to only $29\frac{1}{4}$ per cent. This would seem to indicate that it had been necessary

for the concern to ask for additional time on a considerable proportion of its obligations. This point might be supported still further by the fact that the cash balance is as small as it is. The amount of cash on hand may in turn be the result of inefficiency in the collection department.

It is, of course, possible that this statement was made up just prior to a busy season when the stock was being increased and a large amount of notes or trade acceptances were issued in accordance with the particular purchase agreements. Under these circumstances the Credit Manager's knowledge of trade practices would be an important factor in making the decision—together with the important factors of the Character and Capacity of the persons directing the affairs of the concern.

If it is assumed that all accrued
(Continued on page 31)

BALANCE SHEET

December 31, 19—

ASSETS				LIABILITIES			
Current Assets:				Current Liabilities:			
		%	%			%	%
Cash	\$20,000	$3\frac{1}{2}$	$1\frac{1}{2}$	Notes Payable	\$150,000	$63\frac{3}{4}$	10
Notes Rec.	190,000	$32\frac{3}{4}$	$12\frac{1}{2}$	Trade Creditors	70,000	$29\frac{1}{4}$	$4\frac{1}{4}$
Trade Debtors ..	\$130,000			Accrued Charges	15,000	$6\frac{1}{2}$	1
Reserve	1,300	$22\frac{1}{4}$	$8\frac{1}{2}$				
Securities	40,000	7	$2\frac{1}{2}$				
Inventory	200,000	$34\frac{1}{2}$	$13\frac{1}{2}$				
					\$235,000	100	$15\frac{3}{4}$
	\$578,700	100	$38\frac{1}{2}$				
Deferred Charges	2,200		$\frac{1}{8}$				
Fixed Assets:				Deferred Income			
Del. Equip.	\$4,000				500		
Depre.	1,800	$\frac{1}{4}$	$\frac{1}{8}$	Bonds Payable (8%)	300,000		$20\frac{1}{4}$
Mch. and Tools. ..	\$780,000			Auth. Cap. Stock			
Depre.	100,500	75	$45\frac{1}{2}$	7% Pref.	\$500,000		
Small Tools	125,000	$13\frac{3}{4}$	$8\frac{1}{2}$	Unis. Cap. Stock			
Of. Fur. and Fix. ..	\$6,000			7% Pref.	250,000	$26\frac{1}{2}$	$16\frac{3}{4}$
Depre.	2,000	$\frac{1}{2}$	$\frac{1}{4}$	Auth. Com.	\$1,000,000		
Fact. Bldg.	\$92,000			Unis. Com.	400,000	63	$40\frac{1}{2}$
Depre.	12,000	9	5	Surplus	101,100	$10\frac{1}{2}$	$6\frac{3}{4}$
Land	15,000	$1\frac{1}{2}$	1	Net Worth	951,100	100	64
	905,700	100	$61\frac{1}{2}$				
	\$1,486,600		100		\$1,486,600		100

NOTE: Fractional percentages are carried to the nearest quarter of 1 per cent. Smaller percentages convey practically no meaning to the mind of the person reviewing the statement. In the case of Deferred Charges and Delivery Equipment the $\frac{1}{8}$ per cent is used merely to complete the series.

"We Highly Resolve"

N. A. C. M. Goes on Record at Convention



E. I. KILCUP

Director, N. A. C. M.
Chairman, Resolutions Committee

THE Resolutions Committee that functioned at the Annual Convention of the National Association of Credit Men was made up as follows:

Ernest I. Kilcup, Davol Rubber Co., Providence, Chairman; J. M. Bradbury, Carter Dry Goods Co., Louisville; Henry W. Clausen, C. D. Osborn Co., Chicago; Charles W. Clayton, F. P. May Hdw. Co., Washington; Claude L. Cragin, Cragin & Co., Seattle; F. L. Davis, Iowa Packing Co., Des Moines; T. J. Digan, U. S. Steel Products Co., N. Y.; Walter Ely, Lake Park Creamery, Tacoma; Newman Essick, Essick & Co., Los Angeles; S. C. Greusel, G. Q. Electric Co., Milwaukee; John O. Hume, Hume Grocer Co., Muskegon; E. H. Jaynes, Cleveland-Cliffs Iron Co., Cleveland; Charles Johnston, Williams & Co., Inc., Pittsburgh; George J. Kern, Crocker First Natl. Bank, San Francisco; E. G. Leihy, Blumauer-Frank Drug Co., Portland, Ore.; Jacob Mathes, The Griess Pfleger Co., Cincinnati; J. L. Meyers, Michaels, Stern & Co., Rochester; Wm. J. Morrissey, Shredded Wheat Co., Niagara Falls, N. Y.; J. Ross Myers, J. Ross Myers & Son, Baltimore; T. M. Nesbitt, Moore-Handley Hdw. Co., Birmingham; S. J. Olmem, 401 Hulet Block, Minneapolis; Charles W. Phinney, Second National Bank of Malden, Mass.; Paul T. Powell, Williamson-Dickie Mfg. Co., Fort Worth; J. Edward Stilz, Kiefer-Stewart Co., Indianapolis; Walter A. Stock, Mich. Street Car Advertising Co., Detroit;

H. E. Sturm, Fairmont Creamery Co., Omaha; J. H. Trego, Tregoe Economic Organization, Los Angeles, ex-officio; J. P. Tupper, Cornell Supply Co., Lincoln; G. C. Ussher, Studebaker Corporation, South Bend; Carl L. Wells, Patterson & Hoffman, Oklahoma City; W. P. Yetter, Bayly Underhill Mfg. Co., Denver; Walter P. Yarnall, Yarnall Paint Co., Philadelphia; A. C. Young, Majestic Mfg. Co., St. Louis; Frank A. Fall, Secretary.

Various Resolutions

RESOLUTIONS of thanks were adopted by the convention expressing the gratitude of the Association to the City of Seattle as host of the Convention, to the Officers and Directors for giving so generously of their time and effort during the past year, to the Seattle Chamber of Commerce and the Victoria Chamber of Commerce, to the Convention speakers, to the press and to S. S. May representing the Daily News Record of New York, to the Ladies Committee, and to the Minneapolis Association, which through prizes, etc., had stimulated prompt attendance at the Convention Sessions.

A resolution expressed the cordial attitude of the Association towards the organization of banking credit managers in its membership, the Robert Morris Associates.

The following resolutions were also adopted:

The New Merchandising

The business of the Nation is at present passing through a transition. From the beginning of our national life economic transitions have occurred from time to time; and their significance has been difficult to understand fully because the currents in such transitions are usually invisible.

Our production has reached a high stage of efficiency. We have demonstrated remarkable ingenuity in producing labor saving machinery and capitalizing opportunities for mass production. Efficiency in our productive process unfortunately has not been paralleled in distribution.

Federal Reserve System

The Association reaffirms its faith in the Federal Reserve System and its sincere appreciation of what the System has accomplished in the development and regulation of our credit resources.

It is not possible for the administration

of the Federal Reserve System to please all interests. But what it has accomplished for the promotion of our business as a whole and the preservation of our credit powers has been clearly manifested.

No attempts should be permitted or encouraged to interfere with its good offices or involve the System in political disputes.

Within the reasonable boundaries of human judgment the Federal Reserve System has been wisely administered. Its regulatory powers are especially needed at this juncture of the Nation's financial affairs. The large amount of gold we possess makes for facilities in credit beyond the legitimate needs of business. Speculative crazes such as we are passing through at present are highly dangerous and when unregulated have in the past precipitated serious disturbances. The Federal Reserve System cannot prohibit the using of funds for speculation when the funds are beyond its immediate control. But within the bounds of its power and by moral control the System stands as a protection in just such situations as we are passing through. Therefore, we need not feel concerned of any serious damage occurring to our credit structure.

Bankruptcy Law

The period of the Nation's greatest prosperity has paralleled that in which our commerce has enjoyed a practical credit technique; and it is not possible to enjoy such a technique without a Federal Insolvency Law.

The administration of the Federal Bankruptcy Law has not always accorded the utmost satisfaction, chiefly because of lack of interest on the part of creditors in seeing that its provisions were wisely and vigorously applied. Yet it would not be within human powers to operate a credit commerce of a hundred billion dollars annually without that assurance of uniformity in liquidations that is the primary benefit of the Federal Insolvency Law.

The Association reaffirms its original policy in obtaining the Federal Bankruptcy Law and preserving it against unwarranted attacks. Watching closely the Law's administration, and amending it from time to time as the needs of business and credit require are the obligations that the Association must always be alive to. As for its repeal, nothing would be more injurious to the Nation's credit. This conviction must always be presented to Congress whenever some legislator, without a knowledge of its need and its benefits, attacks the Bankruptcy Law.

Credit Protection

In the Nation's commercial history, there has been no contribution of more protective value to business as a whole than the vigilant and determined effort of the Association to suppress commercial crime.

Aside from the hundreds of debtors convicted of crime in their credit transactions and the concealed assets uncovered, the protection enjoyed by business against fraudulent and deceitful practices is incalculable. It may safely be estimated to be many millions annually.

The trust reposed in the Association for
(Continued on page 28)

Business Education

Civilization a By-Product of Business

By Carl Dakan

Professor of Applied Banking, College of Business Administration, University of Washington, Seattle.

BUSINESS is the oldest as well as the most impelling of man's activities. Business began when the gate closed behind Adam and Eve and they were notified that their allowance had been discontinued. Until man's economic wants have been satisfied they dominate all his other interests. The satisfaction of the ever present material wants must precede the development of the so-called higher impulses of man's nature. Civilization is a by-product of business. Education is the process of sifting the experience of the race and passing on to the following generations the grain capable of germination. Since the beginning of time education has been the chosen method of preparing leaders. Business men have always been in control of the destinies of the people. At times they have elected to exercise this natural leadership through indirect methods. During the colonial period of American history the acknowledged leaders of the people were the ministers. So important was their leadership that business men established colleges which were dedicated to the training of spiritual leaders who should be worthy successors to those who had accompanied the colonists to the new world.

Following the establishment of the new government, in which the will of the people was formally expressed in written law, the legal profession occupied a position of great importance. The acknowledged leaders were experts in the interpretation of the new institution, constitutional government. During this period our law colleges developed to provide the necessary training. During both of these periods the problems of material existence were ever present and pressing, but the industrial structure was simple. The family on the whole produced what its members themselves consumed.

During the life of the present generation the business man has admittedly become the acknowledged leader of society. He has been forced to assume leadership openly because the economic forces have become so

complex and vital that leadership cannot safely be delegated. This new emphasis on the economic forces does not mean that the satisfaction of material needs is any more important today than it has been in times past. Nor does it mean that we have become more materialistic; but it does mean that man has come to demand more in return for the time and energy given up to this phase of his existence. The emphasis is all on the sacrifice necessary. The demand is for more and better material things in return for less sacrifice of time and effort. Better automobiles, more time for golf, five-day weeks, longer vacations with more pay—best express the demands being made of the economic order.

The fight to increase man's productive capacity in order that he may have more time in which to enjoy the increased fruits of his labor has been a consciously formulated demand for about two generations. To this problem the colleges of science and engineering, our technological schools, have been giving their undivided attention for a period of some fifty years. That they have succeeded is evidenced by the ever present fact of over production in first one industry and then another, until operations at seventy-five or eighty per cent. of capacity became normal, and over production becomes chronic in certain important fields—agriculture in particular.

This concentration of attention on the problems of production has given rise to a long list of business problems all growing directly out of large scale production. Mass production has been accomplished in part by increasing the size of our industrial units; with increased size has come greater complexity; the concentration of capital and industrial control in the hands of fewer individuals; remote ownership exercising control either not at all or very indirectly. All these problems are incidental, the fundamental problem is found in the fact that our productive capacity has outrun our power to distribute and consume the products.

Business as distinct from production has become tremendously complex. The time element has come to play an important part in all our business undertakings. A complete program must be worked out months in advance of its final execution. The hazards of doing business have multiplied; price fluctuation, change of style, obsolescence, cessation of demand, all become prime factors in planning the production schedule of a commodity which may not reach the market for a year after it has been initiated. To be sure there still exist businesses where orders and specifications are received and the goods manufactured to order, but where this exists it is a mere echo of a past condition. Mass production for the general market in anticipation of any demand is the order of the day.

Understanding Humanity

Out of these conditions have arisen the forces which have given such an impulse to business education. To have even a chance of success under such conditions a man must be trained. He must be a leader in the truest sense, able to judge not only material processes and values but human motives and desires as well. He must bring to such a task a wider interest and a more adequate understanding than is required of man in any other calling.

The business man must be an educated man. He must be trained to think in the terms of the complex and pressing problems with which the present generation is confronted. He may not have received his education in college, or if he did he probably did not receive a business education in the sense in which that term is used today. That he must be a trained thinker there is no room for doubt. Moreover he must be in a constant process of re-educating himself; he must be fully alive to the needs for business education both for himself and for those who serve him.

The best evidence that the men in charge of the business affairs of today are conscious of this need for

special training is found in the amount and the quality of adult education being carried on within the field of business. Certainly in no other field is so much time and effort being expended on education by those who participate in the daily practice. One may state with reasonable safety that no industry exists today which does not have an association which devotes a large part of its time to educational activities. This may consist of formal class room discipline under the guidance of a leader, or laboratory research within the industry itself, or it may consist of the collection and dissemination of information vital to the industry. Leadership in this type of business may well be accorded the National Institute of Credit of the National Association of Credit Men, or the American Institute of Banking, or the Robert Morris Associates. If future evidence of the almost universal demand for business education is desired it is to be found in the preponderance of space devoted to business matters in our daily papers; in the number and improving quality of our business magazines, the thousands of house organs, the business service bureaus, and in the accumulating libraries of carefully prepared and highly technical books dealing with every phase of business activity.

200 Business Colleges

In addition to all this there have come into existence some 200 colleges of business. In these colleges this rapidly accumulating fund of knowledge is being subject to analysis, evolution, and is being organized into courses of formal discipline. All this has taken place within the space of half a life time. The colleges are too new for their effectiveness to be finally evaluated. That they have not yet done for business what the colleges of science and engineering have done for production is obvious. That in time they will is, I believe, just as obvious. It is certain that the next generation of business men will bring to the solution of their problems a training superior to that enjoyed by the present generation. When thousands of the leading men of the nation concentrate their interest and support such an effort, the results are assured.

The need for this training of business leaders is emphasized by the

rapidity with which the economic order changes. The problems pressing for solution change while they are being tabulated. Consumption which has always been the end of economic endeavor and which has quite generally been taken for granted has been forced to the front as our most pressing business problem. In this field constant adjustment is necessary. Who can estimate the full significance of hand to mouth buying as it is developing; what is

New Curriculum for the N. I. C.

IMPORTANT revision has been made in the requirements for the Junior and Senior Certificates of the National Institute of Credit of the National Association of Credit Men.

The complete details of this change of program are set forth on page 40 of this issue.

to be the future of the chain store? Is the instalment system a proper means of stimulating consumption? Is radio advertising profitable? Will the five day week reduce production? Can business pay higher wages if increased volume of consumption results? What will the automobile do to present concentrated shopping districts? The answers to these and other vital questions are being sought by business men and the colleges alike. The colleges are making some contribution in the investigations being conducted. They are helping to sift and analyze the great mass of experimental observations—collecting the most vital and significant and making the results the common possession not only of the business men of today but thousands of young men who will be the business leaders of tomorrow.

Not a Fad

There are those who are inclined to look upon business education as a fad, a passing fancy. That this is not true is indicated by the fact that the movement is world wide. In England, France, Germany, Italy and Japan the colleges are devoting a great deal of time to the development

of business education. In this phase of education—just as has been the case with our colleges of engineering and applied science—foreign educators recognize our leadership.

The objectives set up by the colleges of commerce and business may be briefly set forth under four heads somewhat as follows:

- (1) They plan to give their students a working knowledge of the tools of business, accounting, statistics, business law, business organization and economics.
- (2) They expect to create a broader understanding of the importance and dignity of all economic effort to the end that business may become a profession in the best sense.
- (3) They propose to substitute for vague theories and blind chance or luck the scientific principle of controlled experimentation, observation, and inductive reasoning, to the end that there may be created a body of economic principles which shall square with sound business practice.
- (4) These colleges hope to foster a code of business ethics which will help to make of business one of the highest forms of human expression rather than a sordid practice.

An Appealing Program

Such a program is certain to appeal to men of vision of all ages. That it does appeal to successful mature men is shown by their liberal financial support, and the demand for the graduates of the colleges. That the program appeals to the imagination of the young men of the country is shown by the thousands who annually seek admission.

Many of the master minds of all times have sought to express themselves through their business activities. Business leaders have contributed to human progress just as have other leaders. The leaders of the future as in the past will probably be men who are not to be explained in terms of their school training any more than can one so explain a Lincoln. The colleges of business cannot be expected to develop great business leaders from men of mediocre ability, but they can increase very materially the general usefulness of those who approach business seriously. Perhaps the safest prophecy one can make with reference to their future is that *the best of the men graduated from colleges of business will be the business leaders of the next generation.*

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Ledger, Statement and Proof In One Operation

on a Burroughs

New Burroughs Machines furnish an original ledger, an original customer's statement and prove the work automatically in one posting operation.

While completing these records Burroughs Automatic Book-keeping Machines are so flexible that they can also provide automatically as a by-product any information desired, such as:

Total Sales to Date	Sales Subject to Discount
Daily Analysis of Balance	Distribution of Sales by
Owed by Months.	Departments.
or other important information	

Some of these machines will also furnish Accounts Receivable Ledger and Statement with complete *typewritten description* of entries.

Whatever the nature of your Accounts Receivable problem, the local Burroughs man can help you select a machine exactly suited to your requirements—and without obligation.

— CHECK APPLICATIONS WHICH INTEREST YOU —

BURROUGHS ADDING MACHINE COMPANY, 6328 SECOND BOULEVARD, DETROIT, MICHIGAN

Gentlemen: Please send me more information on the bookkeeping problems I have checked.

Accounts Receivable ☐

Ledger and statement in combination—ledger and end of month statement—without without carbon—skeleton or itemized

Payroll ☐

On cash or check payments

Distribution ☐

Labor—materials—purchases—sales—expense—cash

Costs ☐

As shown on stores records, payroll and distribution summaries, cost sheets, etc.

Accounts Payable ☐

Ledgers with or without remittance advice—journal-voucher system instead of ledger—including registration of invoices

Sales Audit ☐

By clerks and departments, cash, charge and C. O. D.

Stock Records ☐

Of quantities—values—or both quantities and values together

Journalizing and General Ledger ☐


Complete typewritten description, or date and amount only

Name _____ Firm _____ Address _____

When writing to advertisers, please mention the Credit Monthly

New Post Office Regulation

An Aid to Collection Letter Writers

<div style="border: 1px solid black; padding: 5px; margin: 0 auto; width: 80%;"> BUSINESS REPLY CARD <small>NO POSTAGE STAMP NECESSARY IF MAILED BEFORE JULY 31, 1929</small> </div> <p style="margin-top: 20px; font-weight: bold;">4c. — POSTAGE WILL BE PAID BY — 4c.</p> <p style="text-align: right; margin-top: 20px;"> JOHN DOE & CO. 1234 MARKET ST., CREDIT DEPT. NEW YORK, N. Y. </p>	<div style="border: 1px solid black; padding: 5px; margin: 0 auto; width: 80%;"> FIRST CLASS PERMIT No. <small>(Sec. 384½ P L & R)</small> NEW YORK, N. Y. </div> <div style="margin-top: 10px;">  </div>
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Newly Authorized Sample Business Reply Envelope

CREDIT MANAGERS will doubtless make use of the privilege of sending out business reply envelopes for distribution and return under section 384½, Postal Laws and Regulations, effective July 1, 1928. A sample addressed envelope is reproduced herewith. The complete regulations in this matter may be had from local Postmasters or from the office of the U. S. Postmaster General, Washington, D. C.

Instead of enclosing, in collection letters, envelopes bearing 2-cent stamps, many of which will not be used by the debtors, the Credit Manager is now enabled to send an envelope without a stamp, upon which 4 cents will be collected in case the envelope is used by the debtor.

The amount collected on business reply cards is 3 cents.

The U. S. Post Office Form 3614, to be had from the local Post Office authorities, is to be used in applying for this privilege and reads as per form reprinted on this page.

Form 3614

APPLICATION FOR THE PRIVILEGE OF SENDING OUT BUSINESS REPLY CARDS OR BUSINESS REPLY ENVELOPES FOR DISTRIBUTION AND RETURN UNDER SECTION 384½, POSTAL LAWS AND REGULATIONS

POST OFFICE

STATE

POSTMASTER.....

Application is hereby made for a permit to send out business reply to be mailed for return without prepayment (State whether cards or envelopes) of postage under the conditions prescribed by section 384½, Postal Laws and Regulations, and the instructions issued in connection therewith.

Total number to be sent out.....

Average number to be sent out in each lot.....

Name and address of person or concern to whom cards or envelopes are to be returned (Name)

(Address)

.....
(Signature of Applicant)

A SPECIMEN OF THE CARD OR ENVELOPE, OR DUMMY THEREOF, SHOULD BE ATTACHED TO THIS APPLICATION.

Application Form, Shown in Reduced Size

The Liberal Credit Policy

(Continued from page 6)

net profits are being reduced. The conditions are such as to challenge the thought and attention of our best business executives. More than ever in the future the success of our business institutions will depend on the proper management. Those jobbing houses that are so unfortunate as to be under the direction of the incompetent and inefficient, will be forced out of the game, just as many banks have been put out of business because of incompetent management.

Strong and aggressive competition and the economic situation generally will result in fewer and better jobbers. We do not need to be discouraged; our commerce and national wealth will continue to grow; but every credit manager should study, as he has never done before, the economic conditions that confront us today and equip himself to be, not only a powerful factor in the success of his company through capable management of his department, but also one of the outstanding men in directing his company's future policy. And, if success is to be won, there must be team work, such as never before, in our business organizations. delay.

Flying With Expert Pilots

(Continued from page 7)

"banker-creditor" or large creditor has withdrawn his support; or perhaps merely that there are too many creditors. Who can handle these unsatisfactory situations better than our Adjustment Bureaus? Who are better able than our experienced adjusters to sift matters to the bottom and discover possible collusion or fraud?

The confidence which the approved Adjustment Bureaus of the Association enjoy, makes for stability and permanence. These Bureaus are designed to offer every possible assistance to credit managers themselves. They look to the prevention of losses in the extension of credit. They endeavor to save as much as possible out of losses resulting from unforeseen circumstances or unfortunate granting of credit—to the end that money which otherwise might prove a bad debt loss may be returned to the ordinary channels of trade as soon

as possible and with the least expense.

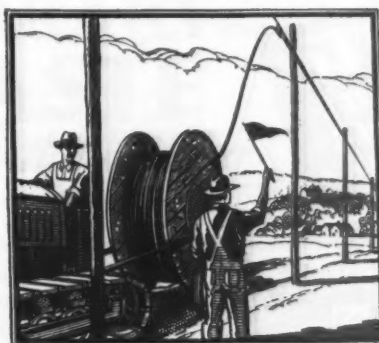
Every so often an attempt is made by individuals, frequently with personal ends to serve, to establish small associations for credit purposes within a particular line of trade. Such attempts are rarely permanently successful. However, they sometimes obtain just enough following to be temporarily disconcerting to the general spirit of co-operative effort in the interchange of credit information and the adjustment of creditors' problems. Frequently inquiry will reveal that a purported association is merely

a trade name adopted by some individual in the pursuance of his individual business, and that in truth and in fact the purported association does not exist. The normal death-rate of such enterprises is very high, and their demises are not always pleasant nor profitable. The incompetent pilot and his passenger come to grief.

All Lines of Trade

An association for the interchange of ledger information among creditors, renders benefits to manufacturers and jobbers in proportion to the numerical strength of its mem-

Carrying the wires into new fields of opportunity



THE old frontiers are no more.

Deserts are peopled, distances have dwindled. The nation is still a long way from being a continuous community—but the lines of the Bell System are doing a great deal to make it a neighborhood of continuous oral contacts. And as long as people wish to talk, the American Telephone and Telegraph Company investment is safe.

Why conservative investment counselors recommend American Telephone and Telegraph Co. securities.

Bell System Service has grown and

is growing with the nation. Its management is far-sighted, conservative, and yet progressive. The system has a plant investment of more than \$3,000,000,000. It operates more than 59,000,000 miles of wire, of which more than 39,000,000 miles are in underground cables. American Telephone and Telegraph Company owns more than 93% of the combined common stocks of the Associated Companies in the Bell System.

Write for booklet "Some Financial Facts."

BELL TELEPHONE SECURITIES CO. Inc.

195 Broadway



New York City



When the wind blew

it not only swept down the plant of the Dodd Company

It took with it their hard won position over their competitors.

Members of the Dodd organization are now sold on WINDSTORM INSURANCE—but it took a costly lesson to teach them its worth.

Are you safe when the wind blows?



National Liberty Insurance Company of America.

Home Office: 709 Sixth Ave.
New York



Over \$74,000,000 Losses
Paid Since Organization

bership. An association with members from all lines of trade can issue interchange reports which contain information from many and various lines all competing for the debtor's paying dollar. It can more accurately reflect the credit standing of a debtor than can possibly any interchange reports containing only the ledger information of sellers in a single line of trade.

Ledger interchange is *co-operative*, fundamentally and absolutely. It touches the most delicate relationship in business, the credit relation. Therefore, an association's capacity to serve creditors is directly in proportion to the number of its reporting members and the spirit of confidence and permanence accorded it.

Creditors cannot be served best by scattering their efforts, which is what a multiplicity of interchange associations means. One association with a large membership in a major jobbing community, drawing information from all lines for dissemination to its members, is the scientific, effective, and economical system. It is the plan under which manufacturers and jobbers can obtain the greatest results and benefits in adjustment.

Wholesalers of dry goods, clothing, and kindred lines have dealer's accounts that mount into comparatively large figures. When such debtors become slow or involved, the assets of the estate are frequently considerable. The matters of diagnosis of trouble, marshalling of assets, preserving of assets, marketing of assets, reduction of expense, assembling of creditors' claims, reduction of assets to cash, and distribution of funds, are matters of consequence and importance, involving trust relationships. Our firms may rightfully expect us as credit managers to use good judgment and discretion to see that these matters are entrusted to proper hands, and I know of no better hands in which to place these matters than the approved Adjustment Bureaus of the National Association of Credit Men.

Credit managers of the east and middle west naturally want western claims against debtors in their territories to be filed through their various bureaus of the National Association—so too, we in the west, would like to see the collections and adjustment claims of sellers into our western territories filed eventually with our Adjustment Bureaus. These western Adjustment Bureaus are efficient and in the main will give satis-

factory service. Some of these bureaus are as old as the National Association of Credit Men, operate under corporate form and have substantial cash surpluses, thus better insuring perpetuity, safety, and reliability. I know from personal observation of several adjustment bureaus, that their directors regard their duties seriously, feel keenly their responsibility to prevent abuse of credit, and are successful men of standing in their own firms, with a wide knowledge of credits and a deep personal interest in the welfare of their local Associations and Bureaus, giving unselfishly of their time and service.

The same careful good judgment that prompts a manufacturer or jobber to select a bank that is strong, reliable, and permanently organized, for the protection of his cash assets, and to select insurance companies that are strong, reliable, and permanently organized, for the protection of his plant, merchandise and fixtures—will also suggest that for the protection of his receivables both before and during adjustment stages, he should select and adhere to our Associations and Bureaus of known strength, reliability and permanence, with a successful record for the co-operative handling of creditors' problems.

Collection Sense

(Continued from page 8)

materially weakens the chances for collection. If you tell your debtor that if he doesn't pay by Monday morning you will sue him, and you haven't received the money by Monday morning, the best thing to do is to sue on Tuesday. Where persuasion stops coercion should begin; and the agency best equipped for both is the one that will produce for you the best returns. The approved Adjustment Bureaus of the N. A. C. M. stand for something in the business community. The debtor is fast learning that they have behind them the credit grantors of the locality, and we trust it will be universally accepted that they have behind them the credit grantors of the Nation. This knowledge furnishes the best possible urge to pay. Many members of the Bureau in Portland will testify to the fact that they receive thousands of dollars each year on delinquent accounts by merely telling their debt-

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AUGUST, 1928

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ors that if the accounts are not paid they will be placed with the Bureau for attention. This Bureau makes no threats or promises that it is not in a position to fulfill, and its reputation in these regards is its best assurance for the protection of receivables placed in its hands for attention.

At Long Distance

Now, what is a poor credit manager to do if he is in an eastern city and has been so unfortunate as to sell a bill of goods to a merchant in Seattle and the merchant in Seattle is inclined to give the entire transaction an absent minded treatment? Should he resort to a "law list" or to a collection agency known to him through its advertising literature? The credit executive knows that agencies in business for profit to themselves will handle the account with the least expense to themselves. So it frequently happens that the agency does not start from the place where the credit executive left off, but rather retraces all of the credit executive's steps—first, through form letters, then, when it receives no results, forwarding the claim to some attorney who likewise will retrace some of its steps. Finally a bill for court costs must be paid, which costs may or may not be returned later. There are many very effectively organized agencies with offices of their own in many territories which do not resort to dilatory and generally ineffective tactics. But the agency that has little or no invested capital, and expects to operate entirely upon the capital supplied by its clients, that frequently charges in advance for the service it ambitiously expects to render and makes elaborate promises for the return of part or all of the premium if it does not live up to its representations—all such should be avoided. They are parasites on the credit structure. I offer for the credit executive's consideration a possible remedy: Forward your claims to the nearest Adjustment Bureau of the N. A. C. M. Give a brief synopsis of the account and your own suggestions or instructions. If the account is to be forwarded, allow that Bureau to forward it to the Adjustment Bureau nearest to the debtor, or (if there is no Bureau within reasonable traveling distance of the debtor) to the attorney or agency that the Bu-

(Continued on page 27)

A Jar On Every Desk



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and Trouble*

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The element of uncertainty is ever present in your outstanding book accounts. Credit Insurance offers the assurance and protection you need.

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115 Broadway, New York

Agencies in All Principal Cities

Answers to Credit Questions

National Association of Credit Men, One Park Avenue, New York

Liability of a Carrier

Q. What is the responsibility of a railroad in the event of damage by fire or otherwise to goods which have been allowed by the owner to remain in demurrage in the cars in the control of the railroad for a considerable period, say 8 to 10 weeks?

A. The general rule as to a railroad's responsibility with reference to goods in its possession as a carrier is that it is liable for all loss or destruction or injury to the goods not occasioned by an act of God or the public enemy. After the railroad's duty as a carrier expires, and before the delivery and acceptance by the consignee of the goods, the question arises as to whether liability is that of a carrier or that of a warehouseman. A warehouseman is required to exercise ordinary care only in the custody of goods, by which is meant such care as an ordinarily prudent man engaged in the same business would exercise. In the absence of a special contract, a warehouseman is not liable for loss by fire which occurs without his fault or neglect.

The responsibility of a carrier as such, does not at once terminate upon the arrival of goods at their destination. It is the duty of the carrier, not only to carry but to deliver. At this point, the authorities of the various states are not in harmony. There has developed what is known as the "Massachusetts' Doctrine." This Doctrine prevails in Massachusetts and several other states and is, in substance, that when the goods have reached their destination and are placed in a position of reasonable safety, ready for delivery to the consignee, the carrier's duty, as such, terminates and that of warehouseman begins, without regard to notice to the consignee or a reasonable time for the removal of the goods. The weight of authority, however, is against the "Massachusetts' Doctrine." The prevailing rule is that when goods have arrived at destination the liability of the carrier, as such, continues until the consignee has had a reasonable time in which to remove them. Also, there is a further conflict of authority as to whether it is the duty of the carrier to give notice of the arrival of the goods before it can terminate its liability as carrier. In the Massachusetts jurisdiction (where this inquirer is located), it is sometimes held that although the consignee is allowed a reasonable time in which to remove the goods before the carrier's liability, as such, ceases, a view is taken that the consignee is not entitled to notice of the arrival of the goods but is bound to take notice of such arrival and has only a reasonable time thereafter in which to remove them, regardless of notice. Again, however, the decided weight of authority is in opposition to the foregoing view and before the

As To Legal Advice

THE National Association of Credit Men supplies answers to credit questions and some of the answers, of general interest, are printed regularly in the Credit Monthly. Advice cannot be given, however, regarding legal rights and liabilities. Such advice should be obtained from an attorney to whom all the facts should be stated. When such inquiries are received, information is furnished only as to the general principles of law involved. —E. P. P.

carrier can relieve itself of its liability as a carrier, it must show that adequate notice to remove has been given to the consignee.

It is possible that the instant inquiry could be settled by a reference to the contract or bill of lading.

It is safe to assume, in direct reference to this inquiry, that a delay of "8 to 10 weeks" in the removal of the goods would foreclose the right of the shipper or consignee to proceed against the carrier, as such. The liability, therefore, would be that of warehouseman and, in the absence of negligence or contract there would be no responsibility upon the railroad.

Bad Checks

Q. (1) Is the maker of a check, who obtains merchandise in exchange therefore, criminally liable "under any Federal statute such as using the mails to defraud?"

(2) Is there a difference between remitting a worthless check in settlement for goods already shipped and securing credit by tendering a worthless check in advance?

A. (1) As far as we are advised, there is no Federal statute having to do with bad checks. If the sending of the check through the United States mail was part of a general scheme to obtain merchandise on worthless checks, the party might, no doubt, be charged under the Federal statute respecting frauds through the mail.

(2) There is a distinct difference between the giving of a worthless check in payment of an antecedent debt and in tendering a worthless check for the purpose of obtaining credit. In the latter instance, practically every state in the Union makes the act a crime or misdemeanor. In the former, it is obvious that the maker of the check received nothing for the check and so it is doubtful if it is an offense in most States. However, the Supreme Court of Kansas has held otherwise in the case of *State vs. Avery*, 111 Kansas 588, 207, Pac.

838. In that case the defendant was indicted on three counts:

1. Drawing a check against insufficient funds for \$133.44 to cover a past due indebtedness.

2. Drawing a check for \$96.57, explaining at the time he had no funds to meet same.

3. Drawing a post-dated check for \$129.04 which when presented was not paid because of insufficient funds.

The Court held the bad check law of the state applicable to all three counts because under the statute a new and distinct crime was created. It further held that where a check is knowingly and willfully drawn in the absence of funds, no further evidence of criminal intent is necessary, and that the purpose of the legislature was to penalize a practice demoralizing to business.

It is to be noted that the Kansas statute describes the offense as a misdemeanor and in amounts of \$20.00 or more, a felony. This differs from the statutes, for instance, of New York, Virginia, Washington and New Jersey where the statutes describe the giving of a bad check as larceny. It is thought that in those states therefore, the decision may not be of interest.

In the State of Connecticut, from which this inquiry emanates, the making, drawing, uttering or delivering of a bad check is declared to be unlawful and is punishable by fine and imprisonment. The entire subject covering practically every state in the Union, is exhaustively discussed on pages 153 to 165 of the Credit Diary and Manual of Commercial Laws for 1928.

Married Women

Q. Can a married woman in Florida cause herself to be legally responsible for her business debts by writing to a creditor waiving her legal right as a married woman?

A. The statutes of Florida on this subject have prescribed a precise method by which a married woman can be authorized to take charge of and control her estate, to contract and to be contracted with, to sue and be sued and to bind herself in all respects as fully as if she were unmarried. That method is by application to a Chancery Court, by petition for a license to do so.

She must first publish her intention in some newspaper published in the County and after she obtains the decree granting her that right, she must cause to be published a copy of the decree. In our opinion, the statute having thus specifically prescribed the manner in which it can be accomplished, we do not believe that the woman is otherwise empowered to do so.

See Credit Diary and Manual of Commercial Laws, for 1928, pages 280 and 281.

Addresses Wanted

This column is read by some Credit Managers before any other feature of the magazine. Any member of the National Association of Credit Men can have names listed herein. He has only to send the names to the secretary of his local Association of Credit Men or to S. Ardron, Jr., Credit Protection Department, N. A. C. M., One Park Ave., New York. Members are requested to mention the line of business as well as the last known address.

ACKERMAN, A., 2503 St. Charles Rd., Bellwood, Ill.
ANNA BELLE SHOP, formerly located at 3813 Third Ave., N. Y.
BAKER, RUTHERFORD M., Pres. The Blake-well Co., Inc., 800 Girard Ave., N. Y.
BEALE, R. L., Seminole, Okla.
BENTLEY, SAM, formerly operated a General Merchandise Store in Jenkins, Kentucky, sometime during 1926.
BERGMAN, J., operated at 751-3 Gravesend Ave., Brooklyn, N. Y., in Paints and Plumbers Supplies.
CALHOUN, W. B., formerly operated the White Mountain Garage, McNary, Arizona. Later located at 530 Travis St., Shreveport, La. Supposed to have gone to California.
COLBY, NATHANIEL, prop., Colby's Pharmacy, 265 Van Brunt St., Brooklyn, N. Y.
COOPERMAN, S., 1811 W. Roosevelt Rd., Chicago.
COWAN, FRED (Mrs.), The Vogue, Richmond, Ind.
CRAWFORD, CHARLES D. AND SON, last known address 91 South Canal St., Akron, Ohio.
DICKEY, GEORGE W. (Mrs.), operated dining room in Country Club at Emporia, Kansas. Probably in Chicago.
FELT, A. S., Queensboro Drug Specialty Co., 56-61 Street, Maspeth, L. I.
FOX, A. S., late of the Kingsbridge Beverage Company, 1378 Sedgwick Ave., and of 152 Union Place, N. Y.
FREELAND, R. E., R. E. Freeland & Co., Canisto, N. Y.
GARRIS, (GEORGE) & (FRED), Star Ignition Co., 5013 Hudson Blvd., West New York, New Jersey.
GITTES, I., Bankoff Pharmacy, 370 Ninth Ave., N. Y.
GLICH, MEYER, formerly located at 5054 South Ada Street, Chicago, Ill.
GORDON, M., 187 Main St., Poughkeepsie, N. Y.
HAIN & O'REILLY, formerly 3311 Third Ave., N. Y.
HARRISON, SMITH, formerly doing business under the style of Kevin Furniture Store, Kevin, Montana.
HODGINS, CECIL, formerly at North Glenside, Penn.
HO-MAID CANDY CO., 740 Main St., Cambridge, Mass.
HULSE, C. C., formerly located at 1000 South Hope St., Los Angeles.
JONES, JEAN PAUL, J. P., Jones Elec. Co., Knoxville, Tenn. Reported to have gone to Springfield, Mass., then to Findlay, Ohio.
KUHN PHARMACY, Willows, Calif.
LASHELLE AUTOMOTIVE SALES CO., formerly located at Knickerbocker Building, N. Y.
LAYTON, LYLE L., formerly 406 Melville Ave., Tampa, Fla.
LIMPERT, T. J., 200 E. Jefferson Ave., Syracuse, N. Y.
LUCAS, A. D., formerly proprietor of the Ft. Lauderdale Planing Mill, Inc., at Ft. Lauderdale, Fla.
LUMISH, B., 2221 So. Seventh St., Philadelphia, Pa.
MARCH, J. E., March's Barber Shop, Durham, Calif.
McCLOUD-BICKLE MUSIC CO., Dallas, Texas.
McKENNA, P. L., 10 May St., Lowell, Mass.
MILLER, E. L., Berrien Springs, Mich.
MORRY, BERT, Richmond, Ind.
MOSKOVITZ, LOUIS, formerly 119 Fourth St., Greenville, N. C. Reported to have moved to Kinston, N. C.
PARRISH, W. P., Parrish Sash & Door Co., formerly at 3857 Easton Ave., St. Louis, Mo.
PERLEY, L. K., INC., 623 Main St., Laconia, N. H.
PERRIN, LEE, formerly of Flora, Ind.
POLONIA ART CALENDAR COMPANY, formerly located at No. 1544 Haddon Ave., Chicago, Ill. Also **JOSEPH S. KAMINSKI**, is connected with this concern.
REED, HOWARD F., Plumbing Contractor, formerly of Niles, Ohio.
RICARD, (FRED E.) and (ETHEL, wife), formerly operated as Ricard Sign Company, 833 Mack Avenue, Detroit, Mich. May have gone to Colorado.
ROOT, ED. F., prop., Easy Electric Shop, 535 East Pontiac St., Ft. Wayne, Ind.
ROSENTHAL, S., 1831 St. John Place, Brooklyn, N. Y.
SAVALAS & CO., JAMES, 201 Union St., also 63 Central Ave., Lynn, Mass. Trading as Olympia Specialties Co.

SHEPARD STORES, INC., Joe Siskin, pres., Sol Schaffer, secy. & treas., 74 E. 125th St., N. Y.

SILVERSTEIN, M., 816 Maxwell St., Chicago, Ill.

SOKRONSKI, IRVING, Irving's Drug Store, Franford and Montgomery Ave., Philadelphia, Pa.

STEIN, ISADORE, trading as Selden Philadelphia Company, formerly 3245 N. 29th St., Philadelphia, Pa.

SUBURBAN SERVEL SALES & SERVICE CORP., INC., 20 East Post Road, White Plains, New York, and 153 Fifth Ave., Pelham, N. Y.

THOMAS MARKET, 323 De Balivers Ave., St. Louis, Mo.

TIOGA SPECIALTY SHOP, 3645 Germantown Ave., Philadelphia, Pa.

UNIVERSAL EQUIPMENT, N. Y.

VALLIN, JOS. M., prop., Vallin's Toggery, 1350 You Street, N. W., Washington, D. C.

WALLACE, J. N., formerly proprietor of Sonora Pharmacy, Los Angeles, Calif.

WARSHAWSKY, WM., formerly the Mayfair, 1649 B'way, B'klyn, N. Y.

WEINSTEIN, S., 650 East 165th St., N. Y.

Collection Sense

(Continued from page 25)

reau has previously employed, with satisfactory results, to handle collections. Insist on your own Bureau conducting the correspondence and following up the account.

The National Association of Credit Men has built and is still building Bureaus in which the membership has and will have implicit confidence. These Bureaus have experts skilled in the efficient personal presentation of claims and can give them the attention they merit.



A Narrow Escape

A Spanish exporter sold a shipment of anchovies through his New York agent to an importer in this city. The sale was made on a 90-day sight draft basis. Through the shipper's bank in Spain the draft and the shipping documents were forwarded to the American Exchange Irving Trust Company with instructions to deliver the documents to the purchaser against his acceptance of the draft.

The American Exchange Irving was in possession of information which led it to question the purchaser's financial responsibility. The shipper was promptly advised of these facts, whereupon he cancelled delivery to the purchaser and had the merchandise turned over to his New York agent.

The action of this bank saved the shipper a considerable amount of money as the original consignee went into bankruptcy a few days later.

The American Exchange Irving and correspondents in every center of importance throughout the world safeguard the financial transactions of its customers.

AMERICAN EXCHANGE IRVING TRUST COMPANY

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The Adjustment Bureau theory has been proved absolutely sound. See that the Bureaus are properly managed and capitalized and you will profit by their use. After all, a Bureau owned, operated and controlled by credit managers should get results, and if there should be a profit in the obtaining of these results that profit can be used as an effective safeguard against the increase of the bad debt loss as well as the making possible of its actual decrease.

We in the Western Bureaus frequently find, when credit executives of the East indiscriminately place

their claims with various outside agencies and attorneys, that great difficulty is experienced in again marshalling those claims for the purpose of handling an involved estate. If these claims were in the Bureaus in the original instance this difficulty would be avoided.

Not long ago a creditor with a very small amount due him was asked to join with other creditors in the filing of an involuntary petition in bankruptcy in an estate which the local Bureau was administering. He was promised that if he would do so his claim would be paid in full out of

the fees which would be allowed to the attorneys for the petitioning creditors. I am satisfied that the two creditors whose consent was first obtained to the filing of the petition in bankruptcy never really knew the true facts. These claims had been placed with an Eastern agency, then forwarded to a representative of that agency in the West. Thus the Eastern creditors were twice removed from the real scene of action. They were undoubtedly informed that the local creditors were endeavoring to secure everything for themselves and leave nothing for those creditors who were far away. This argument may have been listened to, but if these creditors had been sufficiently informed, they would have known that *there is no Bureau operating in the West which does not offer the same facilities and protection to creditors everywhere as it does to its local members and supporters.*

On the part of the N. A. C. M. membership, there is nothing more important than a proper familiarity with the Adjustment Bureau system and a proper contact with the Adjustment Bureaus. These Bureaus are supplying a real need, and are worthy of the utmost confidence and support of credit executives. No greater effort, sincerity of purpose and record of accomplishment can be found in any other service organizations of our Nation.

"We Highly Resolve"

(Continued from page 18)

administering the Credit Protection Fund of one and one-half million dollars is being thoroughly justified. The close scrutiny exercised by the Association's administrators on the expenditures made from this fund is a guarantee. When the Association entered on the task of credit protection a new highway through the field of business had to be blazed. Yet the results demonstrate the vigor, conscience and intelligence with which the task is being performed.

Central Credit Interchange

The Association recognizes that losses due to trade abuses and failures of business enterprises amount to a stupendous total annually. A large part of these losses, as well as general operating costs of credit departments, could be materially reduced if complete and reliable information could be always available, as to ledger experiences, on any business concern.

The vast increase of the business of the Nation since 1896, when the Association was formed, has been possible because of the co-operation of business men through this organization to secure legislation and the exchange of information so that basis

\$31,564,473.00

SAVED

Our Policy-holders in 9 Years

Through Our Collection Service Alone!

Policy-holders of the American Company not only have their accounts fully protected against all unexpected, abnormal credit losses. They also benefit very materially from our Collateral Collection Service, operating our own offices in 15 strategic cities of the United States and Canada.

Here are the amounts which we have collected for our policy-holders, and remitted to them, in the past nine years—in other words, we have *prevented* these potential losses:

1919	\$ 876,101.00
1920	1,857,014.00
1921	2,946,158.00
1922	3,112,066.00
1923	2,830,995.00
1924	4,023,339.00
1925	4,669,227.00
1926	5,164,379.00
1927	6,085,194.00

Total \$31,564,473.00

This letter to us is typical of many: "We cannot say too much for your Collection Service; this in itself is well worth the cost of the insurance."

Credit Managers investigate this broad protection and service which cost so little and offer so much.

The AMERICAN
CREDIT-INDEMNITY CO.
OF NEW YORK J. F. McFADDEN, PRESIDENT

Offices in All Leading Cities

New York, St. Louis, Chicago, Cleveland, Boston,
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Atlanta, Milwaukee, etc.

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MR496

of confidence and safety in credit transactions could result. By reason of this great increase in business, as well as the size of banking, manufacturing and wholesaling establishments, together with improved transportation facilities, direct trade inquiry has broken down as an adequate means of obtaining ledger experiences quickly, accurately and reliably. As soon as possible it should be supplanted by its modern and trustworthy successor, Interchange Bureau Service as furnished by the Central Interchange Bureau System operated under the direction of the Association.

It is recommended that all local unaffiliated Bureaus join the System as rapidly as affiliation can be accomplished and that all the members of the Association avail themselves of the splendid service of the Central Interchange System. Duplication of effort and expense will thus be saved to those members who are now using the System; and the direct trade inquiry will then be necessary only in rare or exceptional cases.

It can be predicted with confidence that when this has been accomplished, business will continue to expand and profits increase through the elimination of fraud and of inefficient and incompetent businesses.

The Federal Reserve System has stabilized our tangible medium of exchange—money—so that it is almost worth par in the open market. The Central Credit Interchange System can, if properly used, stabilize our intangible medium of exchange—credit—and thus avoid the acceptance of credit in exchange for goods or services if upon the face of it, as revealed by Credit Interchange reports, it is worth less than par.

Adjustment Bureaus

The Association reaffirms its faith in and pledges its support to the Adjustment Bureaus of the local associations. It directs the attention of its members to the three excellent features: Rehabilitation and Adjustments, Traveling Adjuster, and Collections. It urges every member to avail himself of these beneficial services, organized with the single aim of assisting him in carrying on his daily work.

Stolen Property Bill

The Association endorses without reserve the National Stolen Property Bill, in the belief that such legislation tends to curb commercial crime by granting powers to the Government in the control of that unit in the field of crime, the fence, who has enjoyed immunity because of inadequate powers of the Government to restrain and to punish it.

Merchant Marine Bill

The Association expresses great confidence in what the Merchant Marine Bill, passed by the Seventieth Congress and approved by President Coolidge, will accomplish for private initiative in the development and control of our Merchant Marine. It was forward-looking legislation; and its fundamental idea of taking the Government gradually out of the shipping business accords with the spirit of our progress and our political beliefs.

Flood Control Bill

The Association also expresses its appreciation of the Flood Control Bill which, if wisely administered, will relieve the serious menace that has so consistently hovered over the Mississippi Valley, and will greatly aid in the development of those districts that suffered seriously in the last

flood, and must ever be in alarm so long as adequate protection is not accorded them.

Foreign Trade

The Association unanimously affirms the belief that the promotion of American foreign trade is essential to the continued prosperity of the Nation.

The wise expansion of our trade throughout the world makes absolutely necessary the interchange of credit information on foreign buyers to the same extent and in the same practical ways that credit information has been so greatly encouraged and applied by the Association in American business.

Foreign trade can be carried on successfully only by applying carefully the fundamental requirements of sound credits—

mutual confidence between buyer and seller and ability to conduct business properly with sufficient financial strength to give reasonable assurance of the fulfillment of all obligations.

The Association enjoys unlimited possibilities of rendering constructive service to the foreign trade of the United States by expanding the work now being carried on by its foreign department and Foreign

(Continued on page 34)

LISTO

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Light — Untiring — Economical

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Examine Your Time-Honored Practices

Every business enterprise that exists long enough acquires its various traditions. Whether or not they are worthy depends on the management.

Good management looks into the traditions of its organization, especially at budget making time, and seeks to weed out those that are undesirable and thereby gain something in resources for perpetuating and strengthening those that are worth while.

The preparation and use of a well-ordered budget dictate that expenditures must be governed, not by precedent, but by necessity as indicated and explained by the aims and month to month operations of the business.

Effective *budget control* is based on Modern Accountancy and is a means through which Modern Accountancy serves the creative talents of management with the stimulus and dependable counsel of *timely* and *exact* knowledge.

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and in CASUALTY and SURETY
PROTECTION

INSURANCE COMPANY

**THE WORLD FIRE &
MARINE INSURANCE CO.**

THE CENTURY INDEMNITY CO.

Another Debtor Merchant Saved

The following true story with a happy ending comes from Vernor Hall, Manager of the North Texas Adjustment and Credit Interchange Bureau, Dallas.

AT the request of his creditors, a merchant in the shoe business in Blank City recently consulted with the nearest Adjustment Bureau approved by the National Association of Credit Men. A considerable part of his indebtedness was past due. His assets and liabilities were:

Assets

Cash on hand and in Bank.	\$ 164.95
Accts. receivable, June 1..	2,785.85
Notes receivable	890.06
Hotel stock, \$80; P.P. Ins., \$40	120.00
Merchandise	20,595.25
Furniture and fixtures....	4,896.50
	<hr/>
	\$29,452.61

Liabilities

Open accounts.	\$13,443.39
Notes	4,000.00
NET WORTH	\$12,009.22

It was apparent that if this merchant was closed out and if the stock of merchandise brought as much as 60 cents on the dollar (which would have been a fair price at forced sale); if his furniture and fixtures were sold for 33½ per cent. of inventory value; and a reasonable amount collected on accounts and notes, the total estate would have brought about \$15,000. This would have paid the creditors 85 cents on the dollar, but would have resulted in the merchant losing his entire equity in the business.

An arrangement was perfected whereby the bank and one of the large creditors, with an account aggregating \$5,350, would wait until all other creditors were paid out dollar for dollar. *The merchant showed his good faith by selling his home, which was exempt.* The purchaser was the large creditor with the \$5,350 claim. The home was sold for \$3,400, reducing the amount of their claim to \$1,950. It was also agreed that the smaller creditors, with claims under \$100, were to be paid immediately out of income. The Bureau was then to supervise the operation of the business, and the creditors, outside of the bank and the large creditor previously mentioned,

were to be paid on a basis of 12½ per cent. a month. Expenses were to be reduced to the minimum under the supervision of the Bureau, and 35 per cent. of all funds received from sales and collections were to be paid to the Bureau until the amount aggregated 12½ per cent. per month.

The creditors co-operated with the Bureau 100 per cent. in this matter, and the Bureau has mailed out checks to all creditors for the last dividend of 12½ per cent., making 100 per cent. paid on all indebtedness outside of the bank and the large creditor. The merchant now shows an equity in his business of \$13,104.02. During the time the business has been operating, he has purchased goods from creditors who granted extensions. The merchant's business has been saved and the creditors still have a customer in that city who is really appreciative of the work that has been accomplished.

This makes two cases that this particular Bureau has handled this year which have paid 100 cents on the dollar to creditors, and illustrates what may be accomplished by intelligent co-operation on the part of creditors. It is sometimes alleged that extensions should not be granted because they never work out. But frequently the reason why extensions do not work out is because they are placed in the hands of a creditors' committee. Each member of the committee is already overloaded with details of the firm by which he is employed and therefore not able to give that close and watchful supervision to the affairs of the debtor to whom the extension is granted that can be given by a fully equipped and well-organized adjustment bureau.

In this time of intensive competition as a result of chain store operations, self-preservation on the part of the jobber demands that the utmost effort be used in each and every case where a merchant finds himself in temporary difficulties to help to extricate him from such a situation.

Definitions

Adjustment, n. From *add*, to increase; *just*, fair. A fair increase in yield from an embarrassed estate. A device to put bankruptcy lawyers out of business.

Interchange, v. *Inter*, to bury; *change*, substitute. To bury one's troubles and to substitute knowledge for doubt in handling credits.

When writing to advertisers, please mention the Credit Monthly

Financial Statements

(Continued from page 17)

charges have been properly brought on the books, this amount would not seem unduly large, particularly as this includes a portion of the bond interest, which would amount to \$2,000 a month.

Supporting Data

The total Current Assets amount to 38½ per cent. of the total assets while the total liabilities amount to 15¾ per cent. This point shows that the concern has a little better than the proverbial 2-1 ratio. The fallacy of drawing any conclusions on the basis of such a ratio without other supporting data has been conclusively proven. There is not space, however, in this article for a discussion of current ratios.

Another point which may be observed is that the surplus amounts to only 6¾ per cent. of the total assets. As it may be assumed that the statement was made up when the books were closed, the current profits or losses would have been transferred to Surplus. From this amount it may be necessary during the coming year to deduct the bond interest (representing a fixed operating expense which must be paid whether or not profits are realized) amounting to \$24,000 and the preferred stock dividend of \$17,500, if this dividend be declared and paid. This deduction of \$41,500 would materially reduce the already small surplus. Under ordinary circumstances it would probably be inadvisable for this concern to declare a dividend on the common stock.

The Surplus Account

The legal requirement for the declaration of a dividend is sufficient surplus. In practice an even more important point must be taken into consideration: *Will the payment of the dividend impair the working capital?* Undoubtedly the Credit Manager should request additional information about the surplus account, so that he may know the amount of the current profits and what had been the previous dividend policy of the concern.

Another important item to be observed from the statement is the sources from which the amounts invested in the various assets are secured. In this balance sheet 15¾ per cent. of the assets are contributed

by the current creditors, 20¼ per cent. by the bondholders, and 64 per cent. by the owners. Assume that there is no question as to the valuation placed upon the different assets. This might then appear to be a very satisfactory distribution. If, however, some of the asset items had been overvalued, the percentage of net worth would be materially changed, as any reduction in valuation would require an equal reduction in net worth.

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The Business Library

By Frank A. Fall, Litt.D.

Director of Education and Research, National Association of Credit Men

On the Fence

CRIMINAL RECEIVERS IN THE UNITED STATES. Prison Committee of the Association of Grand Jurors of New York County. G. P. Putnam's Sons, N. Y., 1928. 143 pp. \$1.50.

This valuable compilation was issued originally in mimeographed form, by the organization composed of those on present and past grand jury lists in New York County. In its present form the book will be of real help in the vigorous campaign now being waged against the enemy of society generally referred to as "the fence."

The purpose of the book is to demonstrate the close relationship between commercial fraud and such crimes as theft, burglary and robbery. The volume presents the essential facts and makes practical suggestions concerning the dishonest buying and selling of merchandise or things of value, but it logically does not attempt to cover such crimes as forgery and embezzlement, which involve currency, checks, stocks and bonds.

New York State is taken as a model, but a digest of the fence laws of all the other states is included. One weak point in the New York law is its failure to cover the important point of the systematic marking of merchandise, in order to enable owners to identify their property. California has recently passed a law requiring that a long list of articles, including radio sets, vacuum cleaners and pianos must bear identification numbers. The law forbids the buying, possessing or selling of such articles if the identifying numbers have been removed or tampered with.

The California law follows, of course, the requirements of many states in regard to pistols and automobiles. Other points at which the New York laws of 1928 are weak are emphasized in the book. No provision is made for curbing dishonest jewelry auctions, illicit junk boat traffic, smelting and refining of precious metals of questionable origin, the under-cover activities of second-hand property dealers and the sale of unredeemed pledges by pawnbrokers.

After the Preface, which is written by a member of the Baumes Crime Commission, the material is arranged in six divisions:

1. Cost of the fence to the Nation.
2. Organization and operating methods of the fence.
3. Inadequacies of existing laws.
4. Ancient and modern laws and practices which tend to defeat the fence when applied.
5. Suggestions of remedial legislation.
6. Police audits of fence traffic for 1927 and the New York fence laws of 1928.

This book will provide high-power ammunition for all who are fighting the fence. Robert Appleton and his associates in the New York Grand Jurors' organization are entitled to a rising vote of thanks for the completion of a particularly timely and effective piece of work.

Economists of Today

CONTEMPORARY ECONOMIC THOUGHT. Paul T. Homan. Harper & Bros., N. Y., 1928. 475 pp. \$2.50.

Here is economic theory approached from a new angle,—the personality of the economist. The method has its dangers, but Professor Homan, who is a member of the faculty of Cornell University, has successfully avoided them and has analyzed without fear or favor the divergent theories upheld by Clark, Veblen, Marshall, Hobson and Mitchell.

The choice of men for treatment in a study of this kind must, as Professor Homan frankly admits, be an arbitrary process. But the subjects of the essays seem to the author, and doubtless will to most of his readers, to illustrate a wider diversity of thought than could be attained by selecting any other group of English and American names, and to represent as great an influence upon contemporary economic thought as could be found in any five men.

John Bates Clark's reputation rests mainly upon the theories presented in his magnum opus, "The Distribution of Wealth." Many economists concur in Professor E. R. A. Seligman's expressed opinion that Professor Clark's writings have "earned for him the reputation of being one of the five or six great Anglo-Saxon theorists of the Nineteenth Century, putting him on a level with Ricardo, Senior, John Stuart Mill, Jevons and Marshall."

Thorstein Veblen has been the outstanding opponent in America of Professor Clark's ideas. He has stood out as the typical dissenter, and Professor Homan reveals most interestingly the process by which Veblen achieved the fate of becoming, within his own life time, an almost legendary character over whose utterances economists vehemently disagree. He compelled, says Professor Homan, "a whole generation of economists to search their hearts lest the truth be not in them."

The other American in the picture is Wesley C. Mitchell, generally regarded by economists in the United States as being the most capable representative of the younger generation. Concerning the significance of his theoretical views there would, the author suggests, be found no such consensus of opinion as concerning his competence as an investigator. He is, of course, the outstanding figure in the study of the business cycle in America, if not in the world.

Alfred Marshall has, since the appearance of his "Principles of Economics" in 1890, dominated the field of economic theory in England, and to a considerable extent on this side of the Atlantic also. He represents the classical tradition, and John A. Hobson has opposed his ideas in England just as Veblen has those of Dr. Clark in this country.

Today, Professor Homan concludes, men do not agree, as they journey through the diverse fields of economic thought, as

to which are wastes and which are meadows. In the presence of a new and bafflingly complex phase of economic development, of novel philosophies and of fluid concepts, they are grappling as best they may with their problems. Lest they slay one another, instead of their enemies, they may well give some attention to defining their scientific task and to forging instruments of thought adequate to its performance. It is in the realm of ideas, more than of facts, that the issues are drawn. In this realm it appears of some importance that economics, if it is to retain the semblance of a science, should lay itself less open to the remark of a character of Disraeli's that "few ideas are correct ones, and what are correct no one can ascertain."

Some Problems and Suggested Solutions

HOW TO SOLVE TYPICAL BUSINESS PROBLEMS. William R. Basset. B. C. Forbes Publishing Co., N. Y., 1928. 223 pp. \$3.50.

In this volume the author, who is Chairman of the Board of Miller, Franklin, Basset & Co., Inc., has gathered together some of his writings which originally appeared in the columns of *Forbes' Magazine*, *Business Magazine*, *Advertising and Selling* and *System*.

All business, Mr. Basset observes, faces certain clear-cut problems. The management must discover, in these days of keen competition, how to buy for profit and sell at a profit; develop a sound labor policy; establish an effective cost system; and build up a staff of executives who possess the qualities that go to make real leadership. These problems, and the author's suggested solutions of them, constitute the scenario of the book.

One chapter (IX) is devoted to "The Sensible Credit Policy." Mr. Basset's point of view on credit is identically that of E. C. Riegel, whom he quotes but whose name, incidentally, he fails to spell correctly. "The accepted viewpoint on credits," says Mr. Basset, "in my opinion is radically wrong. The extension of credit as it is all but universally practiced costs industry millions of dollars a year. And I am not speaking of bad debts and losses through organized fraud. The losses to which I refer do not come from giving too much credit, but from not giving enough."

This is, of course, the Riegel argument, as developed at length in *The Yellow Book*. Mr. Basset apparently not only accepts Mr. Riegel's conclusions but acts on them as well, for he says, in citing a certain case in which he was interested: "As the field was highly competitive, I found that to exert extra selling effort would be an expensive way to boost sales. So I suggested that all credit restrictions be removed for a while—that all orders that the salesmen could get be shipped."

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the receivables of a manufacturing or wholesaling concern, or a bank, can paint a revealing picture of what would happen to most business enterprises if the removal of "all credit restrictions" were applied to them. The procedure would remove not only the restrictions but, in many cases, the business itself. It would be much like the newspaper humorist's idea of farm relief, which he defines as "relieving the farmer of his farm."

Unquestionably some credit executives will feel that ideas such as these should not be given any mention whatever in the columns of a publication like CREDIT MONTHLY. To those we can only repeat the substance of what was said in the review which this Department printed of Mr. Riegel's *Yellow Book*. Credit managers should know what is being said and written about credit. It is the duty of the CREDIT MONTHLY to tell them. If the new arguments are sound, the credit manager should apply them to the improvement of his own methods. If they are unsound, he should clarify his own ideas in regard to them, and be able to meet the arguments effectively whenever and wherever they are voiced.

"We Highly Resolve"

(Continued from page 29)

Credit Interchange Bureau. By co-operating with efficient organizations and assisting in the establishment of similar organizations in foreign countries, international credit relations will be placed on a basis that will

furnish an international background of credit with increased friendly trade relations.

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The Association urges the entire body of business to appreciate the vital part played by credit in the Nation's welfare and the prosperity of its commerce.

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Robert Morris Officers for 1928-29



THE officers and directors of the Robert Morris Associates for the year 1928-29 are as follows:

Officers—President, Arthur F. Barnes, Mercantile Trust Co., St. Louis; First Vice-President, A. W. Pickford, Philadelphia National Bank, Philadelphia; Second Vice-President, J. J. Geddes, Illinois Merchants Trust Co., Chicago; Secretary-Treasurer, Alexander Wall, Lansdowne, Pa.; Assistant Secretary, R. W. Duning, Lansdowne, Pa.; Research Director, Freas B. Snyder.

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Seattle Addresses

At the meeting of the Robert Morris Associates held during the National Association of Credit Men Convention at Seattle, the principal speakers were Stephen I. Miller, Executive Manager, N. A. C. M., on "Credit and Trade Group Conferences"; J. H. Bloedel, President, Bloedel-Donovan Lumber Co., Bellingham, Wash., on "Financing and Credit Problems of the Lumber Industry"; L. G. Pattulo, Manager, Balfour Guthrie & Co., Seattle, on "Oriental Trade from the Standpoint of the Importer and Exporter"; C. S. Wills, Treasurer, Seattle Hardware Co., on "The Northwest and Its Relationship to the Rest of the Country By Means of Ocean and Rail Transportation."

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No. 49



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DECISIONS

BANKRUPTCY AND INSOLVENCY.

Claims. Held that services rendered and expenses incurred by a voluntary assignee, which were actually beneficial to the estate, may be allowed as a preferred expenditure claim. The court therefore concludes, in the instant case, that the common-law assignee is entitled to retain such expenses incurred by him in the administration of the estate as are found under the facts of the case to be beneficial to the estate. *In Re Hall*. U. S. District Court, Western District of Pennsylvania. Decided Feb. 14, 1928.

PREFERENCE.

Suit by trustee in bankruptcy to recover amount of an alleged preferential payment made by bankrupt within four months of bankruptcy to Defendant partnership. The court finds as a matter of fact that Mr. Wade, attorney for respondents, either knew or as a reasonable man should have known, when he collected among other accounts, that of the Bradley Lumber Company, that the Cardwell Stave Company was insolvent. It must be painful to collect a doubtful debt and then be obliged to pay it back three years later because the imputed knowledge of the lawyer who collected makes it a fraudulent preference. But such is the law. On the facts as the Court sees them, it can render no other decision. Under Section 60b of the Bankruptcy Act the collection made by Mr. Wade for respondents was an illegal preference and must be restored. *Schirmeyer vs. Bradley Lumber Co.* U. S. Dist. Court, Western Div. of West. Dist. Tenn.

LIENS

The question is whether Sec. 18 of the Bankruptcy Amendment Act of 1926 (44 Sts. 662) makes the provision in Sec. 15, giving wages priority over taxes, applicable in a case pending when the new act took effect on August 27, 1926, but in which no distribution or order therefor had been made. The estate is insufficient to pay the wages, and the taxes due the City of Chelsea. The referee on petition of trustee for instructions, ruled that the taxes have priority, that the new act was not in that regard applicable. The District Court, Court, without opinion, reversed the referee. The Circuit Court of Appeals thinks the District Court was right. Chelsea, on this record, had no lien upon or vested right in the estate for its taxes; it had nothing but a claim under the Bankruptcy Act; it grounds its contention on this Act, —not on a lien under the statutes of Massachusetts. *City of Chelsea vs. Dolan*. U. S. C. C. A. 1st Cir. (Mass.) Decided Feb. 20, 1928.

EXEMPTION OF HOMESTEAD

The bankrupt asks court to review ruling of Referee, declining to set apart certain property claimed as exempt under the homestead law of the state. The referee was of the view that because the buildings and improvements were on the lands of another (the school board), they could not be allowed as exempt. This was error.

Held that the ruling of the referee should be so modified as to set apart the buildings and improvements upon the land leased by bankrupt, as well as the fowls, as exempt from the claims of his creditors. *In Re Vincent*. U. S. District Court, Western District, Louisiana. Decided Feb. 17, 1928.

NOTES

Held that the only exception to the rule that an indorser becomes such only by placing his signature upon the instrument is that where the back of the instrument has been covered by indorsements or other writing, leaving no room for further indorsements, a strip of paper called an allonge may be attached to the instrument and subsequent indorsements may be written thereon. When these conditions are complied with, the writing upon the allonge has the same effect as if it were made upon the instrument itself. Payments by a maker do not toll the statute as to those secondarily liable on the instrument. *Bergmann vs. Puhl*, Supreme Court, Wisconsin. Decided Feb. 7, 1928.

CHECKS

Plaintiff gave bank A his check for the amount of his indebtedness to it, drawn on bank B wherein he had money to pay the check. A presented the check to B who stamped it "paid" and charged it to plaintiff's account. A accepted B's draft for the check. Before the draft was paid B suspended business.

Held plaintiff's indebtedness to A was paid. *Tobiason vs. First State Bank of Ashby*. Supreme Court, Minn. Decided Feb. 10, 1928.

BANKS AND BANKING

Collection. Diligence required of collecting bank when informed of depressed condition of Debtor Bank.

This was an action by a bank against a firm of brokers. One of defendants had delivered to plaintiff a check payable to defendants in exchange for which plaintiff gave its draft payable to defendant, which was paid in due course. Plaintiff forwarded the check to another bank for collection, which in turn forwarded to a third bank. Thereafter plaintiff was advised by the second bank that it was without returns on the check. Plaintiff and defendants tele-

graphed the third bank and were informed that the check had been paid. The third bank, in payment of the check, issued its draft payable to the second bank on a fourth bank. Thereafter plaintiff was advised by the second bank that it had received returns on the check, but later advised plaintiff that the draft sent by the third bank in payment of the check had been protested for the reason that payment had been refused by the fourth bank. The third bank had then had an overdraft with the fourth bank, and had been in that condition prior to and ever since the receipt of the check.

Held that a new trial should be granted the defendants. If a collecting bank is in possession of facts indicating the depressed financial condition of a debtor bank, it is delinquent in its duty if it neglects to inform an interested customer of such vital condition and fails to take vigorous measures, under the circumstances, to secure payment of a check on such debtor placed with it for collection by such customer.

Held, further, that it was reversible error for the trial court to refuse a special charge requested by the defendants covering this proposition suggested by the evidence. *Bennett vs. American Nat'l Bank of Enid*. Supreme Court of Oklahoma. Received Feb. 2, 1928.

NEGOTIABLE INSTRUMENTS

Trade Acceptances. When trade acceptance enforceable in hands of innocent third purchaser although given pursuant to illegal contract.

This was an action by the holder of a trade acceptance in the form of a promissory note, payable sixty days after date to the order of an Illinois corporation, and signed and endorsed "accepted" by defendant. In defense of the claim defendant set up that the trade acceptance was given in payment of a contract void under the Anti-trust laws of Texas, particularly articles 7426 and 7437 of the Revised Civil Code of Texas of 1925. Plaintiff had purchased the trade acceptance in good faith for value before maturity, without knowledge of any infirmities, and contended that as he was an innocent third holder for value the trade acceptance was not rendered void by any illegality in the contract pursuant to which it was given.

Held, that plaintiff could recover. In the absence of a specific statute or rule of common law, applying to the particular contract, the innocent third holder for value of a trade acceptance given pursuant to the contract is not affected by the illegality of the original contract. The rule is that where a note or a bill is not made void by the statute, mere illegality in its consideration will not affect the rights of a bona fide holder for value. Held further, that there

was nothing in the law of Texas making void in the hands of an innocent holder a note or bill given in settlement of a transaction illegal under the monopoly and anti-trust statutes of that state. *Hughes Bros. Mfg. Co. vs. Cicero Trust & Savings Bank*. U. S. Circuit Court of App., Fifth Circuit, Decided Feb. 10, 1928.

* * *

TRADE ACCEPTANCES

Held that while failure of consideration is no defense against a holder in due course, it might well be argued that if the Cascade Products Company had failed to deliver any washing machines, the negotiation of the trade acceptances, under such circumstances, would be a breach of faith and would amount to perpetration of a fraud. The general denial of the allegations of the complaint that plaintiff is a holder in due course does not put such matter in issue and is not sufficient to overcome the presumption of the statute attaching to negotiable paper. *Rivers Bros. vs. C. F. T. Co., Inc.* Sup. Ct. Ore. Dept. No. 2. Decided Feb. 14, 1928.

* * *

CORPORATIONS.

Foreign corporations. Franchise Tax. Basis on which franchise tax on foreign corporation may be assessed in Arkansas.

Appeal from a decree enjoining the state officials from attempting to collect a franchise tax assessed against appellee corporation for the year 1927. Appellee was a foreign corporation authorized to do business in the state. The assessment was made upon appellee's franchise tax report and in making it the Tax Department ascertained the percentage of the property valuation used in business in the state as well as a percentage of the business done in the State. The question was whether the tax should have been assessed upon the proportion of appellee's capital stock as represented by its property owned and business transacted in the state, or only upon the proportion of appellee's capital stock as represented by its property owned and used in business transacted in this state during the tax year.

Held, that the decree should be affirmed. *Crawford & Moses' Digest*, Section 9804 as amended by act 271, Acts of 1925 was plain and unambiguous and being in conflict with and repugnant to the provisions of said section as amended by act 236, Acts of 1925, necessarily repealed said act 236. Therefore, the Tax Department was without authority to charge a franchise tax upon the capital stock of a foreign corporation as represented by property owned and business transacted in the state, and was only authorized to charge the same upon the proportion of the subscribed capital stock of the corporation represented by property owned and used in business transacted in the state. *Koonce vs. Pierce Petroleum Corp.* Supreme Court of Arkansas. Decided February 6, 1928.

* * *

CORPORATIONS

Dividends. When Directors Must Declare Dividends.

This was an action for a writ of mandamus to compel defendant corporation and its board of directors to declare a dividend among its stockholders of the whole of its accumulated profits exceeding the amount reserved for its working capital and pay same to its stockholders. The outstanding capital stock of the corporation was \$3,600,000. Its stockholders had fixed as its working capital out of the accumulated profits \$1,800,000. This was approved by the board of directors. The corporation's

financial statement prior to such action had shown a surplus of over \$2,000,000.

Held, that plaintiffs were entitled to the relief demanded. Section 1173 of C. S. provided that the directors of every domestic corporation "shall * * * after reserving over and above its capital stock paid in, as working capital for the corporation, whatever sum has been affixed by the stockholders, declare a dividend among its stockholders of the whole of its accumulated profits exceeding the amount reserved, and pay it to the stockholders on demand." This statute was here applicable. It clearly appeared that after setting apart sufficient assets to maintain the capital stock, and after reserving from the accumulated profits the sum fixed by the stockholders, and approved by the directors, as working capital, there remained a considerable sum, which represented the accumulated profits of the corporation in excess of the working capital. By virtue of the statute there was no discretion in the board of directors with respect to the performance of the statutory duty to declare a dividend of the whole of the accumulated profits and pay the same to the stockholders. *Cannon, et al vs. Wiscasset Mills Co.* Supreme Court of North Carolina.

* * *

CHECKS

Held that the check of itself would give payee Anderson no cause of action against drawee bank. To establish liability against drawee bank, the check must be accepted in writing signed by such bank, under the provisions of §3522. Held that even payment by the drawee bank on an instrument which is actually forged gives no right of action to the true payee or holder against the paying drawee bank. *Anderson vs. National Bk. of Tacoma*, Sup. Ct. Washington, Dept. No. 2. Decided Feb. 7, 1928.

WASHINGTON NOTES

Tax Decisions

The Court of Appeals of the District of Columbia recently handed down a tax decision defining the difference between "invested capital" and "borrowed money" under the tax laws. The case is *The Geo. Feick & Sons Company vs. David H. Blair*, Commissioner of Internal Revenue. Mrs. Mabel W. Willebrant, Assistant Attorney General, appeared in the case for the Government. The Court reversed the decision of the United States Board of Tax Appeals, which had decided that salaries of officers and dividends left in the business of the company were "borrowed money." The gist of the court's decision is as follows:—

"Where by agreement between all the stockholders of a corporation, in order to avoid borrowing money for the purposes of the corporation, a part of the salaries of the officers and all dividends were left in the business, and while credited to them on the books of the corporation, the amounts drew no interest, could not be withdrawn until funds had been set aside for their payment, and like all other assets of the corporation were subject to the claims of its creditors, the accumulated salaries and dividends constituted "invested capital" and not "borrowed money" within Section 326 of the Revenue Act of 1918 and 1921.

"A judgment of the Board of Tax Appeals holding such accumulated salaries and accumulated dividends to be "borrowed money" and not invested capital" reversed.

"While this court, on appeal from the United States Board of Tax Appeals, will not act as a fact-finding body to pass upon

the evidence adduced by the lower tribunals, it will consider the evidence to the extent of determining whether the law, when applied to the facts, establishes a cause of action."

Under a recent opinion of the General Counsel of the Bureau of Internal Revenue it is held that under the Revenue Act of 1918-21-24 and 1926 an automobile club will not be denied exemption from taxation because it operates an insurance bureau for the purpose of securing for its members the various forms of insurance ordinarily carried by operators and owners of automobiles and publishes a magazine of interest to its members to whom its circulation is confined.

An interesting decision was recently made by the Court of Claims of the United States in the case of *Colgate & Co. vs. The United States*, in which the Colgate Co. attempted to secure the refund of an excise tax in the amount of \$16,944.00 exacted from the Colgate Co. on the theory that it was a dealer in jewelry.

The court in its decision denied the refund and dismissed the petition.

Briefly, it appeared from the facts that the Colgate Company, in selling its soaps, washing powder and other products, gave with each package or container a coupon entitling the customer to premiums such as articles of jewelry, watches, clocks, opera glasses, etc. The plaintiff company contended that the giving of these premiums was incidental to the principal business of selling soaps, soap powder and other like products and that the distribution of premiums did not constitute the plaintiff company a regular dealer in jewelry within the terms of the Revenue Act. The court, as stated above, held that the company was engaged in business as a dealer in jewelry and that said business was subject to the tax.

* * *

National Museum of Industry

Several prominent citizens of the country have been developing the idea of establishing in Washington a huge industrial museum costing approximately \$8,000,000 for the purpose of housing and putting on exhibition the developments of American industries, science, transportation, and other lines of human endeavor.

According to the Washington Evening Star the idea was conceived by Dr. Charles G. Abbott, Secretary of the Smithsonian Institution, who has enlisted with him such men as the Secretary of War, Secretary of the Navy, Daniel Willard, President of the Baltimore and Ohio Railroad, Thomas Ewing and H. F. G. Porter, president and secretary of the New York National Museum of Engineering Industry, and others.

The present Smithsonian Institution is overcrowded with exhibits of various kinds, and there is no room in that institution at the present time to portray the progress of transportation on land, sea and air, the development of mining, farming, lumbering, manufacturing and the growth and development of such wonderful institutions as the telephone, telegraph, photography, electric lighting, radio, etc.

Congress will be asked at the next session to appropriate \$10,000 for preliminary estimates and plans. The backers of the movement feel that American industry occupies the topmost place among the nations and that there should be in the capital of the nation a building adequate to house all the specimens of ancient and modern inventions and mechanisms, so that the people may have opportunity to view and study them.

Petroleum Refiners Credit Group Meets Sept. 4-6

A MEETING of the Petroleum Refiners' Division of the National Association of Credit Men is to be held in the Palmer House, Chicago, on September 4, 5, and 6, for the purpose of discussing problems of interest to the credit executives of the petroleum refining industry.

Special arrangements for hotel accommodations have been made for those who attend the meeting. It is requested that all reservations be made through the Central Division Office of the National Association of Credit Men, 33 South Clark Street, Chicago.

Bad Debt Losses

Among the subjects of vital interest, which will be brought up for discussion, is a recent survey of the bad debt loss in the petroleum industry for the years 1925, 1926, and 1927, which was compiled by the Petroleum Refiners' Division.

The losses were as follows:

1925..... .18999 of 1 per cent.
1926..... .17359 of 1 per cent.
1927..... .1849 of 1 per cent.

These figures were averaged from the experiences of 52 petroleum refiners. Of these, 23 are members of the Petroleum Refiners' Bureau, and 29 non-members. The showing, as to members and non-members, is as follows:

Members

1925..... .15819 of 1 per cent.
1926..... .13369 of 1 per cent.
1927..... .1543 of 1 per cent.

Non-Members

1925..... .22581 of 1 per cent.
1926..... .20637 of 1 per cent.
1927..... .20924 of 1 per cent.

It is interesting to observe that the average losses of the co-operating members of the Petroleum Refiners' Division of the National Association of Credit Men range from 33 per cent. to 50 per cent. lower than the losses of non-members.

"We do not intend to imply that membership and participation in this group created this improved condition," says E. B. Moran, Secretary of the Petroleum Refiners Division,

and it is fair to assume that the active participation in the Division and the reports of the Petroleum Refiners Bureau of the National Association of Credit Men have been of material assistance and a substantial aid in keeping down the average loss of Division members."

The Board of Governors of the Division are looking forward to an exceptionally large attendance, and feel confident that the program which is to be arranged will be of vital importance to the Petroleum Credit Fraternity.

Individual Records

The 52 companies reported their bad debt losses as follows:

No.	1925	1926	1927
1	.361	.21	.159
2	.0	.50	.03
3	.112	.018	.054
4	.05	.05	.05
5	.0745	.1089	.2585
6	.06	.038	.17
7	.064	.063	.044
8	.0	.0227	.007
9	.3	.2	.25
10	.19	.37	.38
11	.13508	.03069	.0
12	.116	.115	.211
13	.030	.026	.075
14	.1	.3	.3
15	.006	.03	.007
16	.126	.138	.168
17	.32	.2247	.306
18	.15	.1	.14
19	.18	.28	.42
20	.0	.0	.0
21	.7	.0	.0
22	.35	.25	.5
23	.014	.0	.02
24	..	.141	.153
25	.1	.1	.1
26	.25	.23	.21
27	.13	.49	.11
28	.0	.0001	.0
29	.0	.0	.0
30	..	.5	.75
31	.44	.17	.07
32	.077	.833	.714
33	.00007	.00024	.003
34	.006	.0	.0011
35	.119	.016	.134
36	.0	.0	.002
37	.126	.185	.1996
38	.032	.031	.041
39	.0	.0	.007
40	.0	.0	.005
41	.029	.074	.033
42	.4	.13	.05
43	.46	.35	.6
44	.473	.195	.423
45	1.13	.36	.44
46	.399	.538	.501
47	.38	.23	.27
48	.66	.64	.5
49	.5	.4	.4
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UTAH, Salt Lake City—Inter-Mountain A. C. M. Pres., N. Y. Schofield, Z. C. M. I. Sec., C. E. West, Utah Fuel Co.; Sec.-Mgr., Robert Peel, 1411 Walker Bank Bldg.

VIRGINIA-TENNESSEE, Bristol—Bristol A. C. M. Pres., G. Tollie Thomas, Mitchell Powers Co.; Sec., Geo. D. Helma, Gibson Candy Co.

VIRGINIA, Lynchburg—Lynchburg A. C. M. Pres., W. H. Bowles, Barker Jennings Hdw. Corp.; Sec., E. W. Kenley, L. E. Lichford.

VIRGINIA, Norfolk—Norfolk-Tidewater A. C. M. Pres., W. R. Meech, Lyon & Greenleaf Co.; Sec.-Mgr., Shelton N. Woodward, 1210 Natl. Bank of Commerce Building.

VIRGINIA, Richmond—Richmond A. C. M. Pres., T. Coleman Andrews, T. Coleman Andrews Co.; Sec.-Mgr., J. P. Abernethy, 208 State Planters Bank Bldg.

VIRGINIA, Roanoke—Roanoke A. C. M. Pres., W. F. Davis, Roanoke Sunlight Bakery; Sec.-Treas., H. W. Hobson, Roanoke City Mills, Inc.

WASHINGTON, Seattle—Seattle A. C. M. Pres., W. S. Gruger, Imperial Candy Co.; Sec., John A. Bennett, 280-61 Colman Bldg.

WASHINGTON, Spokane—Spokane Merchants Association. Pres., C. G. Gamble, Crane Co.; Sec.-Treas., J. D. Meikle, 713 Realty Bldg.

WASHINGTON, Tacoma—Wholesalers' A. C. M. Pres., J. D. Elder, W. P. Fuller & Co.; Sec., Edward B. Lung, P. O. Box 1207.

WEST VIRGINIA, Bluefield—Bluefield A. C. M. Pres., C. W. Pierce, Keys Planing Mill Co.; Sec., C. B. Smith, P. O. Box 449.

WEST VIRGINIA, Charleston—Charleston A. C. M. Pres., Chas. W. Chesley, Charleston Electrical Supply Co., 406 Capital City Bank Bldg.; Sec., Lee H. Henkel, 406 Capital City Bank Bldg.

WEST VIRGINIA, Clarksburg—Central West Virginia A. C. M. Pres., R. J. Hartley, Clarksburg Wholesale Co.; Sec., U. R. Hoffman, 410 Union Bank Bldg.

WEST VIRGINIA, Huntington—Huntington A. C. M. Pres., D. A. Hall, Twentieth Street Bank; Sec., C. C. Harrold, Huntington First Nat'l Bank Bldg., 12th Floor, 1200.

WEST VIRGINIA, Parkersburg—Parkersburg-Marietta A. C. M. Pres., Carl W. Robinson, Crescent Supply Co., Marietta, Ohio; Sec., J. W. Wandling, R. G. Dun & Co., Parkersburg, W. Va.

WEST VIRGINIA, Wheeling—Wheeling A. C. M. Pres., E. A. Rose, Wheeling Corrugating Co.; Sec., H. R. Davis, P. O. Box 687.

WEST VIRGINIA, Williamson—Williamson, A. C. M. Pres., L. P. Hawkins, Hawkins Ice Co.; Sec., C. A. Mayhew, Sanitary Bottle Co.

WISCONSIN, Fond du Lac—Fond du Lac A. C. M. Pres., A. O. Benz, The Glasen-Tubbs Co.; Sec., L. N. Richter, A. P. Baker Agency.

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WISCONSIN, Milwaukee—Milwaukee A. C. M. Pres., M. J. Brew, Jewett & Sherman Co.; Sec., James G. Romer, 708-9-10 Mayer Bldg.

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THE NATIONAL INSTITUTE OF CREDIT

Presents

A NEW CURRICULUM

REVISED REQUIREMENTS

In response to the wishes of the Educational Committees of many local Associations, the National Institute of Credit has made important changes in the program of courses required for its Junior and Senior Certificates. The new requirements, which are effective immediately, are set forth in the box in the center of this page.

ORGANIZATION of CHAPTERS

One of the Association's chief objectives for the year 1928-29 is the establishment of a large number of new Chapters of the Institute. The Director of the Department of Education and Research will, by direction of the Executive Manager, spend much of his time in the field, assisting local Secretaries and Educational Committees in Chapter organization work. The Officers and Directors of the Association desire particularly to bring into the National program a number of important locals which have been conducting credit courses but which have not organized Chapters of the Institute.

REGISTRATION

In order to give each Chapter member a direct contact with the Institute and to enable the Institute to be of the greatest possible help to its students, a new system of registration will be put into operation. Special registration forms in duplicate will be furnished to the Chapters at cost. The original is to be sent to the National Office and the duplicate retained as part of the Chapter records. At the end of each course the Chapter Secretary will certify to the National Office the grades of all students completing the course. Course cards will then be issued over the signature of the Director of the Department.

DR. FRANK A. FALL
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suitable for framing, and will carry a seal and the signatures of the Executive Manager and the Director of the Department, as well as those of several other local or National officers of the Association. A nominal fee, sufficient to cover the cost of engraving, engrossing and mailing, will be charged for the Certificates.

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Economics	30
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SENIOR CERTIFICATE

Business Law	30
Merchandising	30
Public Speaking	30
Advanced Credits	30
Total	120

ASSOCIATES AND FELLOWS

Recognition of experience, in addition to educational training will be continued. Students who have been awarded the Junior Certificate and who have had three years of practical credit experience become Associates of the National Institute of Credit. Students who have been awarded the Senior Certificate and who have had five years of practical experience become (provided they are at least 25 years of age) Fellows of the National Institute of Credit.

TEXTS

For the year 1928-29, Chapters will choose their own texts in all courses except Public Speaking.

By the fall of 1929 the Institute will, in all probability, provide its own text also in Credits and Collections. Other Institute texts will be added as rapidly as possible.

CORRESPONDENCE COURSES

The Institute now offers two correspondence courses: Credits and Collections, and Basic Economics. The material in each course consists of a text book, printed lecture assignments, and problems to be solved and sent to the Director of the Institute for correction and grading, after which they are returned to the student with grade and comments.

The text in the Credits and Collections course is the original edition of "Credits and Collections," by David E. Golieb and Richard P. Ettinger. In the Basic Economics course the text is Henry Clay's "Economics for the General Reader" (the American edition, edited by Professor Eugene E. Agger).

The courses are \$20.00 each, or \$35.00 if taken together. This is at cost. Students who wish full information concerning the correspondence courses should fill out and mail immediately the coupon at the lower left-hand corner of this page.

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LASHED into a fury by a forty-mile gale, a fire which started in a congested area threatened to destroy the entire city. Local fire forces were inadequate to control such a conflagration. Help was summoned. To the rescue came men and equipment from neighboring towns. The city was saved. Disaster was averted.

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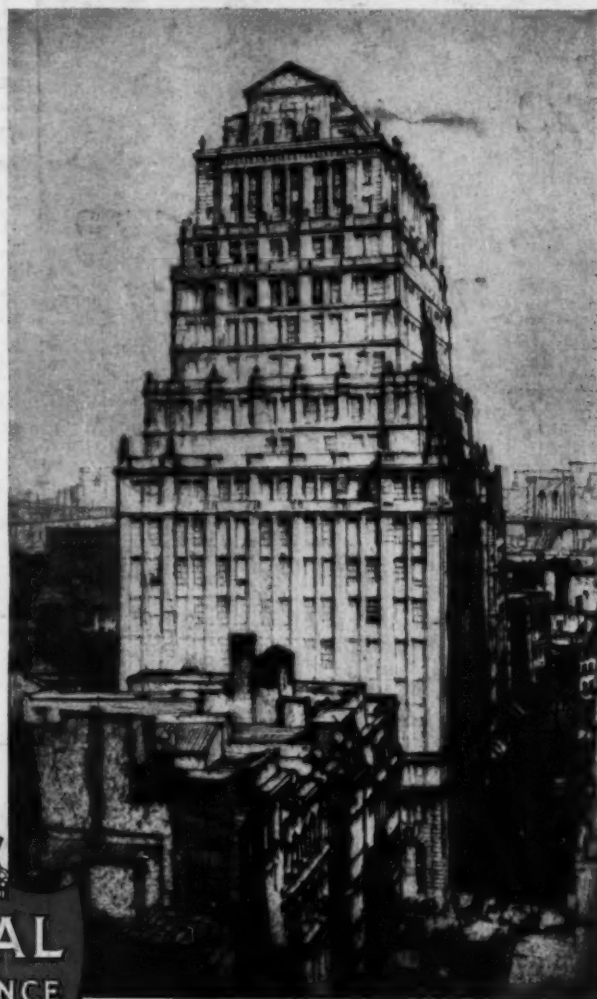
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**The Man at the Throttle
of the Pennsylvania Railroad**
A Close-up of President Atterbury

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The Movies' Business Side
*By the Comptroller of Paramount
Richard W. Saunders*

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"Bring Me Men to Match My Mountains"
By Stephen I. Miller

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ON almost every block, in any town, will be found department stores, general stores and specialty shops, competing to outfit the public with its clothing needs.

In the modest and in the most elaborate organizations these goods are bought — and often sold — on credit. Under competitive stress, the reduction of prices and the extension of retail credit cause many of these merchants to earn a meagre existence, and business mortality is high. For the manufacturer and the wholesaler whose goods are distributed through these channels, these conditions present a serious problem in the collection of receivables.

In this diversified line, as in many others, it is imperative that the analysis of the credit risk be complete. It should prove that there is provision for indemnity for possible loss through fire and other natural hazards. Be sure that the debtor merchant has this necessary insurance protection — always.



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ANCHORED in peaceful waters. Lazily and serenely floated the battleship Maine. Convulsed by a sudden and thunderous explosion this blazing coffin sent to the heavens a crimson glow that reflected the blood of the two hundred and more men then dead and dying. This overt act and the already bitter feeling abroad shortly led to the Spanish-American War.

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Addresses Wanted

This column is read by some Credit Managers before any other feature of the magazine. Any member of the National Association of Credit Men can have names listed herein. He has only to send the names to the secretary of his local Association of Credit Men or to S. Ardron, Jr., Credit Protection Department, N. A. C. M., One Park Ave., New York. Members are requested to mention the line of business as well as the last known address.

ALSTON, J. W., formerly of Houston, Texas, and later of Shreveport, La.
ANNE BELLE SHOP, formerly of 2813 Third Avenue, New York City.
BABCOCK, F. A., last heard of in West Philadelphia and St. Louis, doing special work for newspapers.
BAUM, SIDNEY, trading as the Elite Silver &

Cutler Company, formerly of 107 Broadway, Brooklyn, N. Y. Home address—422 Miller Avenue, Brooklyn, N. Y.
BENESCH, A. B., last heard of in New York and Boston
BEREZIN (EUGENE) & WHITE (LEONARD), formerly trading as Berezin & White at 554 Nostrand Avenue, Brooklyn, N. Y.
BERNSTEIN, BEN, Ben Wil Art Shop, 133 East Garfield Boulevard, Chicago, Ill.
BIEGEL, JOE, formerly in the baking business at Grand Haven, Mich. Left for Chicago.
BLACKWELL, LES, formerly operated the Crown Drug Company, Sacramento, Calif. Reported to be somewhere in Florida.
BLOMBERG, JACK, operating under the style of National Operating Company, Asheville, N. C. Now said to be located in Buffalo, N. Y.
BRADDOCK, H. J. (DR.), dentist, left Elizabeth, La., in March, 1928, supposedly for California, possibly located in Columbus, Ohio.
BRANDT, ED., formerly located at 3838 W. Grand Avenue, Chicago, Ill.
BRANNER, HAROLD C., Dresscraft Co., 151 W. 35th Street, later at 27 Main St., Yonkers, N. Y. Resided formerly at 315 W. 98th Street, N. Y. C.



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CARLISLE, EDWARD R., formerly conducting business under the trade style of the Producers Advertising & Distributing Company, 306 E. Dearborn St., Chicago, Ill.
CARSON, R. P., formerly operating the Home Quality Drug Co., 4501 S. Park Way, Chicago.
COMPTON, H. N., formerly residing at Kenmore Beach Hotel, 5523 Kenmore Ave., Chicago, Ill.
DANCEY, S. N., publisher of the Citizen, Oakland, Calif., formerly Manager Western Publishers, Atascadero, Calif.
DAVIS, A. I., (Owl Cafe), Shenandoah, Iowa.
DAVIS, HENRY G. G., Miami Drapery & Shade Co., 1338 N. E. Second Avenue, Miami, Fla.
DELISLE, H. L., former owner of the Calumet Sales Co., Chicago, Ill.
ELLISON ENGINEERING FURNACE COMPANY, formerly of Chicago, Ill.
FORMAN, ETTA, formerly of 3344 Lawrence Avenue, Chicago, Ill.
FORSBERG, T., Apt. 6, Murphy Bldg., Bradenton, Fla.
GRANZIANA, ARTHUR F., 1703 86th Street, Brooklyn, New York.
HARRIS, L. A., formerly located at 3405 W. North Avenue, Chicago, Ill. Now reported to be in Pontiac, Michigan.
HARRIS, M., formerly in business at 11233 S. Michigan Avenue, Chicago, Ill.
HOGLE, L. (MRS.), Elite Shop, 129 Main St., Bradford, Pa.
INGLESE, JOSEPH, 23 Monroe Street, New York City.
KERMER, I. R., tldg. as Elinor-Elaine Dress Shop, formerly 117 West 48th St., N. Y. C.
KINSEY, CLYDE, operating as "Speed" Bradford in automobile speed and publicity stunt.
KUHN PHARMACY, Willows, Calif.
LEVY, (WM.); **APPA, (FRANK)**, trading as the Rainbow Auto Painting Company, formerly operating at 1448 South Michigan Avenue, Chicago, Ill.
LEWIS, R. E. & A. I., 601 Tacoma Avenue, Portland, Oregon.
LEWIS, HERBERT J., operating as Strand Silk Store, formerly at 712 E. Broadway, South Boston District, Boston, Mass., later at Nashua.
MCDANIEL, J. B., formerly of Columbus, Ohio.
MITTEL, HENRY E., formerly of Gloucester, and Boston, Mass., now believed to be in Fitchburg, Mass.
MUSAYAMA, A., last known address c/o Hawaii Shimpo Sha, Ltd., P. O. Box 1280, Honolulu, T. H.
NIERMAN, HARRY, formerly operating as the Nierman Variety and Hardware, 3425 Lawrence Avenue, Chicago, Ill.
PHILLIPS, PAULINE (MISS), operated the Lenox Employment Agency, 226 West 128th Street, New York City.
PITT, W. J., formerly located at 2356 West Philadelphia Avenue, Detroit, Mich.
RICARD, FRED E., prop. of the Ricard Sign Co., 6323 Mack Avenue, Detroit, Michigan. Reported to be somewhere in Colorado.
RUBIN, S., 2700 S. Fairhill St., Philadelphia, Pa.
SCHMIDT, O., 291 E. 43rd Street, Portland, Ore.
SCHUTTE, E. C., operated a shoe store under the name of the White House at Windsor, Ma.
SILVER & CO., formerly 204 W. 35th Street, New York City.
SMITH, BERNARD, formerly operating the Euclid Avenue Smart Shop, 9809 Euclid Avenue, Cleveland, Ohio.
SMITH, SAMUEL, formerly 169 Washington Avenue, New Haven, Conn.
SPINELLA, ANTHONY, formerly in the fruit and grocery business at Olean, N. Y. Thought to have moved to Pittsburgh, Pa.
VAN GILDER, ELEANOR, Variety Store, formerly of 413 Washington Street, Cape May, N. J.
VASELEOU, S., Tldg. as Clifton Restaurant, 100 Main St., East Orange, N. J.
WHEELER TRUCKS, formerly of Greenville, Texas.

Export Credits

TWO-THIRDS of the questions raised in export merchandising relate to credit and finance. This was one of the leading subjects taken up at the Fifteenth National Foreign Trade Convention at Houston, April 25-27, whose Proceedings are now available at \$3.50 a copy in book form under the title "Foreign Trade in 1928," published by the National Foreign Trade Council, India House, Hanover Square, New York.

A Crime Against the Honest Merchant

THE treasurer of a Colorado jobbing concern writes the CREDIT MONTHLY and describes a serious problem confronting him:

"The buyer abuses his credit to the point where we are obliged to refuse further credit until the account is brought down to our usual terms. At this point he is able to go to the other jobber and secure credit.

"Ninety-five per cent. of our losses are caused by competitive jobbers, who extend credit to those that have worn out their credit with us, and yet can get all the credit they want from our competitors. This is *not through lack of information* on the part of the jobber extending credit to the delinquent buyer.

"If this one practice could be stopped ninety-five per cent. of our credit problems would be solved.

"This is also more far-reaching than just a credit problem. This practice is a crime against the honest dealer or contractor that pays his bills. What chance has an honest contractor or honest retail merchant that pays against the man that does not pay his bills,—his profit consisting of what he can beat the jobber out of in settlement if he ever reaches that point?

"The jobbers should co-operate with each other to the extent that if a dealer wore out his welcome with one jobber, the other jobbers should inform him that before he can get a line of credit through them he must square his account with the jobber he is indebted to."

The Florida Storm

THE west coast was virtually undamaged by the storm that passed by here August 7. I estimate the citrus crop was damaged on the west coast about 10 per cent.; some of the estimates are as high as 15 or 20 per cent. Practically no property damaged occurred in Tampa and very little through Polk, Osceola and Orange Counties," writes S. B. Owen, manager of the Adjustment Bureau of the Tampa Association of Credit Men, under date of August 13.

The hurricane caused little loss to retail merchants and is likely to have but slight effect on credit conditions in the path of the storm, according to advices from Frank G. Hathaway, secretary of the Miami Association of Credit Men.

CREDIT MONTHLY

THE NATIONAL MAGAZINE OF BUSINESS FUNDAMENTALS

(Member, Audit Bureau of Circulations)

Editorial and Executive Offices, One Park Avenue, New York

RODMAN GILDER, Editor

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MONTHLY
Sept., 1928

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Vol.
XXX
No. 9

One Month's Convictions

(June, 1928)

Obtained by the Credit Protection Department of the
National Association of Credit Men

CASE	PERSONS CONVICTED	CHARGE	SENTENCE
Kings Highway Dept. Store Brooklyn, N. Y. (Dept. Store)	Nathan Schlessel	Vio. 37	Deferred
Irene Dress Co. New York City (Dresses)	Samuel Wetrogen Jos. Ginsberg	Vio. 29b and 37	2 years (Suspended) 2 years (Suspended)
Nathaniel E. Goldberg New York City (Textiles)	N. E. Goldberg Max Grannow	Vio. 29b and 37	1½ years 3 months
Triangle Shoe Market, Reading Shoe Market, and Point Breeze Shoe Market Reading and Phila- delphia, Pa. (Shoes)	Nathan Wattenmaker	Perjury	Deferred
Maurice M. Levine Mahanoy City, Pa. (Men's Furnishings)	Paul Levine	Concealment	60 days in Mercer County Jail
Samuel L. Klamen Philadelphia, Pa. (Radio & Elec. Sup- plies)	Samuel L. Klamen	Obtaining merchandise under false pretenses	Deferred
McAvoy & Lynch Wallington, Conn. (Men's Furnishings and Shoes)	James McAvoy John Lynch	Conspiracy to conceal assets Conspiracy to conceal assets	1 year and 1 day (Suspended) 1 year and 1 day (Suspended)
McNeil Worden Elec. Co. Grand Rapids, Mich. (Elec. Supplies)	Chas. S. Worden	Vio. Sec. 215 U. S. P. C.	18 Mos. Leav. Pen.
T. B. Stockard & Sons Lewisville, Texas (Gen'l Mdse.)	James W. Degan Carl Degan	Conspiracy to conceal assets in Bankruptcy Conspiracy to conceal assets in Bankruptcy	Fine \$1,500 Fine \$1,000
Boulevard Toggery 1924 Montrose Ave. Chicago, Ill. (Mdse. & Clo.)	James H. Hall	Obtaining goods and credit by false financial statement in writing	Fine \$50.00 and costs
S. C. Lowe Redwine, Kentucky (Gen'l Mdse.)	S. C. Lowe	125 P. C. Perjury	12 Mos. Jail (Suspended)
Lawand Bros. Toledo, Ohio (Peddler Gen'l Mdse.)	Nicholas Lawand Joseph Lawand	Perjury Perjury	2 Yrs. Chillicothe Penitentiary 2 Yrs. Atlanta Penitentiary
Samuel A. Baker Los Angeles (Retail Furniture)	Samuel A. Baker	Forgery conditional sales contracts	2 to 14 Years San Quentin Peni- tentiary, Calif.
M. Gluckman Los Angeles (Men's Furnishings & Dry Gds.)	Max Margolis Charlotte Feldman	Conspiracy to conceal assets	Deferred Deferred
Phillip Glovin Denver, Colo. (Men's Furnishings)	Phillip Glovin	Contempt of court	Fined \$50

Total Convictions June 1, 1925, to June 30, 1928—503